

Table with exchange rates for various countries including Austria, Belgium, Canada, etc.

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

EEC comes to terms with disunity on farm policy, Page 3

No. 29,223

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NEWS SUMMARY

GENERAL

Beirut gunmen kidnap consul

Six gunmen kidnaped Saudi Arabian consul Hussein Farrah on a day when Beirut enjoyed a respite from the heavy shelling that killed 22 on Monday.

After exchanging fire with Lebanese soldiers, the gunmen ambushed the consul's car, and shot and wounded his bodyguard. In the Syrian capital of Damascus, leaders of the Palestine Liberation Front, including its secretary-general Talal Jarrab, were kidnaped by rebel members of the guerrilla organisation, which is a faction of the PLO. Page 4

Nuclear plant halt

A Regensburg, Bavaria, court ordered a halt to building a nuclear power station near Landshut after farmer Franziska Beck complained that it would harm her and her livestock. Page 2

Tory rebels fail

A British Bill to limit local control over property taxes passed a key vote in the House of Commons despite a rebellion by MPs of the ruling Conservative Party. Debate, Page 3

O'Faich rebuked

The Irish Government has rebuked Irish prime Cardinal Tomás O'Faich for saying that people might be morally justified in joining or voting for Sinn Féin, the political wing of the Irish Republican Army.

Moscow attacked

The Spanish Communist Party accused its Soviet counterpart of unacceptable interference in supporting the formation of a rival, pro-Soviet group in Spain.

Basque election

Basque regional Premier Carlos Garaikoetxe dissolved the local parliament and called elections for February 28. Terrorism and the extent of autonomy will be the main issues. Page 3

Spanish police killed

Three Spanish Civil Guards were killed in a gunfight near Valencia with bandits, one of whom was killed.

Muldoon attacks CAP

New Zealand Premier Robert Muldoon called the EEC Common Agricultural Policy economic lunacy, and hoped its budgetary problems would bring it down.

Indian farmers shot

Indian police shot dead three farmers during renewed protests against the planned government takeover of their land near Bombay. On Monday two people were killed and about 100 wounded in battles with police.

Marquess suspended

Dr Cristobal Martinez Bordiu, Marquess of Villarreal and son-in-law of the late dictator General Francisco Franco, was suspended without pay for five years from his job as head of the heart department in a Madrid hospital. A patient had died when he was not there. A Health Ministry official said the Marquess had been on sick leave.

Cannibals shot

Three members of a gang that eats its victims have been shot during an attempted jailbreak in the central Philippines.

Crocodiles stolen

A Taiwanese couple has been arrested for stealing 118 crocodiles from a farm. The reptiles were found in their fishpond.

BUSINESS

Ford to close plant in Ireland

FORD IRELAND is to close its assembly plant in Cork, where the U.S. motor group set up one of its first plants in 1971. Page 16

DOLLAR improved after a weak start to the day to rise to DM 2.809 (from DM 2.786), FFr 8.5875 (FFr 8.5525), SwFr 2.238 (SwFr 2.219), and Y234.3 (Y233.25). Its Bank of England trade-weighted index rose from 131.2 to 131.4. In New York it closed at DM 2.81075, FFr 8.595, SwFr 2.23875 and Y234.075. Page 35

STERLING fell 0.5 points to \$1.411, and to DM 3.965 (DM 3.975), FFr 12.115 (FFr 12.125) and Y331 (Y321.5), but rose to SwFr 3.1575 (SwFr 3.155). Its trade weighting, lagged before the close, was 62.3 (62.2). In New York it closed at \$1.4085. Page 25



LONDON: FT Industrial Ordinary index fell 0.6 to 807.1. Government securities showed some marginal falls. Report, Page 28; FT Share Information Service, Pages 30-32

WALL STREET: Dow Jones industrial average closed 3.87 up at 1,271.48. Report, Page 25; Full share prices, Page 26-28

HONG KONG: Hang Seng index, benefiting from improved morale after Chinese assurances about the territory's future, gained another 14.55 despite profit-taking, to reach 889.72. Report, Page 25; Leading share prices, Page 28

TOKYO: Nikkei Dow index rose 4.6 to 10,155.57, a closing record high. The Stock Exchange index was 7.9 higher at 763.03. Report, Page 25; Leading prices, other exchanges, Page 28

GOLD rose \$1 in London to close at \$387.125. In Frankfurt it fell \$1.5 to \$387.75, and in Zurich it closed \$1.5 down at \$387.75. In New York, the Comex January settlement was \$388.6 (\$370.1). Page 34

UK-NETHERLANDS talks are going on about the possibility of building a two-way gas pipeline between the countries. Page 11

NIGERIA made a \$100m payment on schedule, on a \$1.2bn loan raised in 1977.

MOBIL, the U.S. oil major, is seeking to establish a trust to absorb revenues from a Texas property, in a tax-saving move. Page 16

BRITISH SHIPBUILDERS announced 800 redundancies at the Scott Lithgow yard on the Lower Clyde, with a further 2,300 by March. Page 16

CITICORP, biggest U.S. banking group, reported 1983 net income 19 per cent up at a record \$880m. Page 17

BRITISH AIRWAYS, influenced by the cost of building bases, has cancelled plans to run a Hong Kong-Macao helicopter service.

BROKEN HILL Proprietary, Australia's biggest company, is close to settling details of its \$2.4bn purchase of the Utah resources group from General Electric of the U.S. Page 18

ELDERS IXL of Australia is raising up to A\$320m (U.S.\$295m) in new shares and options to pay for its proposed takeover of Carlton and United Breweries.

'Serious intent' at Stockholm talks encourages Shultz

BY BRIDGET BLOOM AND ANTHONY ROBINSON IN STOCKHOLM

Mr George Shultz, the U.S. Secretary of State, called for a "renewed open and comprehensive dialogue" to create a "turning point" in East-West relations in his keynote speech at the opening of the European disarmament conference (CDE) in Stockholm yesterday.

After a day of intensive bilateral meetings with foreign ministers from both East and West, Mr Shultz later added that he had been encouraged by the seriousness of purpose and intent shown by ministers. "The conference has got off to a good start," he said.

Mr Oskar Fischer, the East German Foreign Minister, was the first Warsaw Pact delegate to address the conference. He blamed U.S. deployment of new nuclear missiles in Europe for increasing tension in East-West relations and then reiterated certain disarmament proposals endorsed by the Warsaw Pact at its Prague summit a year ago. The proposals have already been rejected by Nato as "declaratory," vague and unenforceable.

The first six include the renunciation of the first use of nuclear weapons, a treaty renouncing the first use of force in the solution of disputes between Nato and the Warsaw Pact, a freeze on nuclear arsenals, and the creation of nuclear-free zones in Europe, as well as a ban on chemical weapons and reductions in military budgets.

Without mentioning the Soviet Union by name, he then went on to insist that the U.S. would "continue to hold nations accountable for failure to live up" to the principles of the Helsinki Final Act of 1975, an agreement from which the present conference has emerged.

Mr Shultz made one new arms control proposal: an announcement that the U.S. would present a draft treaty for the complete and verifiable elimination of chemical weapons, to the United Nations disarmament committee now meeting in Geneva. He blamed the Soviet Union for the breakdown of the other important arms-control talks which, he said, the U.S. remained ready to resume at any time.

His remarks presage tough talking at his meeting this afternoon with Mr Andrei Gromyko, the Soviet Foreign Minister. The U.S. has made clear its intention to raise the controversial issue of the alleged Soviet non-compliance with existing arms control agreements.

During the first day of the conference there was no attempt to hide the deep divisions between the two leading alliances. The official speeches by both Nato and Warsaw Pact ministers, underlined big differences both on the purpose of the

Continued on Page 16

Modest goals for conference, Page 3; Zhao urges nuclear pact, Page 5

U.S. home taping on VCRs 'not covered by copyright'

By Louise Kehoe in San Francisco

AMERICANS MAY use home video recorders to tape television programmes without violating television copyrights, the U.S. Supreme Court ruled yesterday in a decision with broad implications for video manufacturers and for the TV and movie industries.

The five-to-four ruling ends a seven-year judicial battle between movie makers and the manufacturers of video cassette recorders (VCRs). Hollywood has argued that uncontrolled recordings of its works prevents the industry from collecting royalty fees.

In November 1976 Universal Studios and Walt Disney Productions filed suits against Sony Corporation of America, a major manufacturer of home video equipment. Sony's advertising agency, four California retailers and a single consumer, claiming that the use of Sony Betamax recorders to tape television shows infringed the right of copyright owners.

Yesterday's Supreme Court decision overturned that of a lower court, which had said in 1981 that manufacturers of VCRs were responsible for illegal copyright infringement by consumers who used the machines to tape broadcast television.

Consumer groups who have lobbied against the imposition of restrictions or copyright fees hailed the Supreme Court ruling as a significant victory.

The decision reaffirms the right of the 10m Americans who own videotape recorders to record television programmes for their own personal use. The court has ruled that "time shifting," the recording of a programme for viewing at a more convenient time, is "fair use" and does not hurt Hollywood," a spokesman for the Home Recording Rights Coalition said.

Justice John Paul Stevens wrote in a majority opinion: "One may search the Copyright Act in vain for any sign that the elected representatives of the millions of people who watch television every day have made it unlawful to copy a programme for later viewing at home, or have enacted a flat prohibition against the sale of machines that make such copying possible."

"It is not our job to apply laws that have not yet been written," Continued on Page 16

U.S. warns it may end air pact with UK

BY CHRIS SHERWELL IN SINGAPORE AND FRANK GRAY IN LONDON

THE U.S. Government yesterday warned that it was considering termination of its Bermuda II air services agreement with Britain as part of a new get-tough policy against "imbalanced" bilateral air transport pacts. The agreement spells out aviation rights for North American and British airlines flying to and beyond the two countries.

The veiled threat came from Mr Dan McKinnon, head of the U.S. Civil Aeronautics Board (CAB), in remarks at a Financial Times Conference on Aerospace in Asia. His comments at the conference in Singapore were read in his absence by Miss Barbara McConnell, vice-chairman of the CAB.

The U.S. has been dissatisfied with the accord for some time, and its concern has been cited in talks with the UK over last spring's application by People Express of the U.S. to offer cut-price services to the UK. It has been voiced also as part of more recent complaints by Pan American World Airways over the levels of fares charged by British Airways on its London-to-New York Concorde services.

According to Mr McKinnon, the U.S. in the late 1970s gave away valuable route rights to U.S. cities without in practice getting the pricing flexibility or relaxed capacity restrictions it had bargained for. "The intended purpose - a balance

of benefits - often was not accomplished," he said. Washington's new attitude would be to ensure true benefits, or "actual economic rights," in return for rights granted. The U.S. would "re-evaluate the merits of continuing existing agreements" with any aviation partner that acted to create further traffic imbalances, and would insist on reviewing rights previously negotiated but not yet granted, he said.

Mr McKinnon warned foreign airlines of the provisions of the 1979 International Air Transportation Competition Act in the U.S., which allows the CAB to deal with allegations of unfair, restrictive or discriminatory practices by foreign governments or airlines. "No longer can we, or will we, ignore the actions of foreign governments and carriers which violate the spirit of our agreements," he warned.

In London, the Department of Transport said it had no formal notification of any dissatisfaction by the CAB with the accord. Bermuda II was signed in 1976 after a protracted dispute between the two countries. It takes its name from the original agreement signed in

Continued on Page 16

Engine makers warned, Page 4; Discounts under scrutiny, Page 10

White Consolidated to rescue Wibau offshoot

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT, IN LONDON

WHITE Consolidated Industries of the U.S. has stepped in to save Blaw Knox, the British construction equipment manufacturer, which employed 1,500 people in Scotland, Hymac and Hanomag - all of which were dragged down when their parent collapsed.

Egon Kretschmer, receiver at Hanomag, the West German construction equipment manufacturer, announced yesterday that negotiations were in progress for the takeover of the company, although he would not reveal the identity of the latest bidder.

Orestein and Koppel and Leibert Group of West Germany, and Dresser-Industries of the U.S. are being tipped as potential buyers of the IBH subsidiary.

White Consolidated decided to buy Blaw Knox because it already owns the Blaw-Knox construction equipment company in the U.S. The acquisition will give it the opportunity to strengthen its position in European and world markets, rationalise its product lines, and transfer technology.

Mr John B. Schulze, the White Consolidated executive responsible for the Blaw Knox negotiations, said that both companies made asphalt-laying machines but "different models and sizes. Some new products from the U.S. could be made in the UK, but this is not an immediate goal."

Blaw Knox went into receivership last November after the collapse of its parent, Wibau, which had followed IBH, a major shareholder into liquidation.

It had two UK operations: a sales and service, and a factory, employing 650 people in all. The last redundancies were declared in a batch of 300 last week, while negotiations with White Consolidated were in progress.

White Consolidated plans to re-start production this week.

Oil stake in U.S. for French petrol discounter Leclerc

BY DAVID MARSH IN PARIS

FRANCE'S Edouard Leclerc supermarket group, the country's leading retail organisation, is taking a 20 per cent stake in a small family-owned U.S. oil company, Oil Recovery Corporation of America (Orca) based in Nashville, Tennessee. The deal is worth \$10m over the next four years.

The transaction, which has just been authorised by the French Treasury, will give the Leclerc organisation - leading seller of cut-price petrol in France - a foothold in the U.S. oil market and a stake in future reserves discovered by Orca.

The deal is small by international standards but represents an important innovation by a French retail company. The Edouard Leclerc organisation, based on a co-operative structure which groups together 450 outlets throughout France, has been built up over the past 35 years

to a retailing empire with annual sales of FFr 36.8bn (\$42.8bn). The group, presided over by its founder M. Edouard Leclerc, led a spirited battle last summer against Government-imposed minimum petrol prices. After months of sporadic clashes over the group's illegal petrol pump discounts, the Government finally gave way and raised the maximum rebates that can be given on petrol sold at French pumps.

M. Michel Leclerc, the son of Edouard, who is in charge of the group's petrol operations, said last night that the deal would not necessarily give the organisation direct, immediate access to U.S. oil supplies. But it gave the Leclercs a direct link with the crude oil market and showed that his father - who started his business in a shed in

UK industrial output lags behind demand

BY MAX WILKINSON IN LONDON

BRITAIN'S industrial output rose slightly in November, but the recent pace of recovery appears to be much slower than the growth of consumer spending.

The large gap between the increase in consumer demand and the rise of manufacturing output suggests that the British economy continues to sulk, in imports at a rising rate.

Official figures released yesterday showed that the index of output from all UK production industries rose by about 1/2 per cent to 101.4 (1980=100) between October and November. In the three months to November, output was 3 per cent higher than in the same period a year earlier, but part of that represented increased oil production.

Manufacturing output rose by 1/2 per cent in the September to November period compared with the level in the previous three months and was 3 per cent higher than in the same period a year earlier.

British manufacturing output in the first nine months of 1983 was only 1/2 per cent above its average for the first nine months of 1982, and the output of the consumer goods industries rose only 3 per cent between the two periods.

By contrast, retail sales have been rising steadily through the year and the total volume of sales

Continued on Page 16

Comexon trade should improve, Page 6; Sterling "still undervalued," Page 15; Lex, Page 16

Advertisement for Standard Chartered bank, featuring the slogan 'MORE LOCATIONS. FEWER DISLOCATIONS.' and 'That's the difference'. It lists various services and branches worldwide.

Table of contents listing various sections like Europe, America, Overseas, World Trade, Britain, etc., with page numbers.

EUROPEAN NEWS

BUNDESBANK HAILS 'HAPPY BALANCE' FOR CURRENCY

Reserve role pressure on DM eases

BY JONATHAN CARR IN FRANKFURT

THE West German Bundesbank reports that the pressure for the D-mark to play a markedly higher role as a world reserve currency has now clearly eased.

The Bundesbank notes that in 1982, the latest year for which comparative figures are available, the D-mark share had dropped to 11.6 per cent and that of the dollar had risen to 71.4 per cent.

The Bundesbank puts the total amount of D-Mark assets held by foreigners in West Germany in mid-1983 at DM 306bn (£7.7bn) of which nearly one third is invested in enterprises and more than a third in the banking system.

that of 1979 but most of the increase came in the period to mid-1981. After that, the growth rate slowed as the U.S. began to cut its inflation rate and the dollar regained its attractiveness as an investment currency.

Genoese steelmen in 24-hour stoppage

By Alan Friedman in Milan

STEELWORKERS in Genoa yesterday staged a four-hour strike in protest against staff cuts which form part of the restructuring plan being introduced by Finisider, the state steel company.

Yesterday's stoppage was the latest in a series of strikes which have hit the troubled Italian steel industry. Most of the labour unrest has been concentrated in the Naples and Genoa areas.

Further strikes are planned for today and next week in the Genoa area and there is talk among the main Italian unions of a possible general strike in Genoa towards the end of this month.

The strikes come in the wake of Italy's failed attempt to win support from the European Commission for its demand for a larger EEC steel quota.

Italy had its first trade surplus for exactly four years in November, thanks to fast growing exports and the containment of imports.

Figures released by Istat, the government statistical office, show a surplus for the month of L878bn (\$400m) on exports of L11,197bn and imports of L10,519bn.

France cuts trade deficit by more than a half

BY PAUL BETTS IN PARIS

FRANCE CUT its trade and current account deficits last year by more than half, after another strong trade performance in December, the Trade Ministry reported yesterday.

The trade balance last month showed a gross surplus of FF 800m (\$85.9m) and a seasonally adjusted surplus of FF 2m.

The reduction of the trade deficit which had been running at a monthly rate of FF 7bn from FF 93.3bn (£7.68bn) in 1982.

This is far better than the Government had expected at the beginning of last year when it was aiming to hold it down to FF 60bn.

The Trade Ministry also said yesterday that it expects

France's current account deficit to be reduced to FF 32.7bn in 1983 from FF 79.3bn the previous year. A FF 1.7bn surplus is forecast for the last quarter compared with a FF 300m deficit in the third quarter.

This encouraging performance was cited yesterday by M Jacques Delors, the Economy and Finance Minister, as one of the reasons why he considered the French economy had ended the year well.

M Delors also said that there had been a significant fall in inflation which he expected to continue to decline. Investments were now in net recovery

To stimulate investment, especially in industry, the minister announced that the total funds available under the Government's industrial modernisation savings programme would be increased to FF 60bn this year from FF 50bn last year.

M Delors expects the Government to limit its borrowings this year on the domestic bond market to 25 per cent of all primary issues.

It raised FF 47bn through the domestic bond market last year compared to FF 46bn in 1982.

Court blow to Bavarian nuclear plant

BY RUPERT CORNWELL IN BONN

A district court in Regensburg, Bavaria, has dealt a blow to West Germany's hard won nuclear power programme by ordering a halt to building work on the 1,300 MW Isar II station near the town of Landshut.

The decision, which took both the industry and opponents of nuclear energy much by surprise, was in response to a private suit brought by the owner of a nearby farm.

which will use the pressurised water system and cost DM 5.4bn (\$1.95bn), would impair her health and that of her livestock.

The judge in effect upheld her plea by ruling that several subsequent changes in the design of the plant had not been properly authorized.

Even so, a substantial delay in the project, on which work began in August 1982, seems certain. Observers put the hold-up at anything between a few months and as much as two or three years.

The decision will, moreover give a fillip to the anti-nuclear cause in West Germany, which has lost some of its steam since the present centre-right coalition, firmly committed to civil nuclear energy, took over in Bonn 15 months ago.

Nuclear power accounted for 21 per cent of total electricity generation in West Germany in 1982, up from 17 per cent a year earlier.

But more modest projections of future energy demand have removed some of the programme's urgency. The judge in Regensburg argued that a hold-up to Isar II would not endanger Bavaria's energy supply outlook.

Anglovaal Group Mining companies' reports - Quarter ended 31 December 1983

Table for Anglovaal Group with columns for Quarter ended 31 Dec 1983, Quarter ended 30 Sept 1983, and Six months ended 31 Dec 1983. Rows include Operating results, Uranium oxide, Pulp treated, Oxide produced, Financial results, Working profit, Interest paid, Net royalty payments, Profit before taxation, Profit after taxation, Capital expenditure, Dividends, Development, Sampling results, Channel value, Dividend, Capital expenditure.

Table for Pitska Copper Mines (Pty) Ltd and Eastern Transvaal Consolidated Mines Ltd. Columns for Quarter ended 31 Dec 1983, Quarter ended 30 Sept 1983, and Six months ended 31 Dec 1983. Rows include Operating results, Uranium oxide, Pulp treated, Oxide produced, Financial results, Working profit, Interest paid, Net royalty payments, Profit before taxation, Profit after taxation, Capital expenditure, Dividends, Development, Sampling results, Channel value, Dividend, Capital expenditure.

Table for Lorraine Gold Mines Ltd. Columns for Quarter ended 31 Dec 1983, Quarter ended 30 Sept 1983, and Financial year ended 30 Sept 1983. Rows include Operating results, Gold, Ore milled, Gold recovered, Yield, Revenue, Costs, Profit, Financial results, Working profit, Interest paid, Net royalty payments, Profit before taxation, Profit after taxation, Capital expenditure, Dividends, Development, Sampling results, Channel value, Dividend, Capital expenditure.

Table for Pitska Copper Mines (Pty) Ltd. Columns for Quarter ended 31 Dec 1983, Quarter ended 30 Sept 1983, and Six months ended 31 Dec 1983. Rows include Operating results, Concentrates produced, Copper, Zinc, Concentrates despatched, Financial results, Working profit, Interest paid, Net royalty payments, Profit before taxation, Profit after taxation, Capital expenditures, Dividends, Development.

Table for Consolidated Murchison Ltd. Columns for Quarter ended 31 Dec 1983, Quarter ended 30 Sept 1983, and Financial year ended 31 Dec 1983. Rows include Financial results, Sales of antimony concentrates less realization charges, Gold sales, Sundry mining income, Working costs, Working profit, Non-mining income, Prospecting expenditure, Interest paid and stores adjustment, Profit before taxation, Taxation, Profit after taxation, Capital expenditure, Dividends, Financial, Dividend, Capital expenditure.

Table for Lorraine Gold Mines Ltd. Columns for Quarter ended 31 Dec 1983, Quarter ended 30 Sept 1983, and Financial year ended 30 Sept 1983. Rows include Operating results, Gold, Ore milled, Gold recovered, Yield, Revenue, Costs, Profit, Financial results, Working profit, Interest paid, Net royalty payments, Profit before taxation, Profit after taxation, Capital expenditure, Dividends, Development, Sampling results, Channel value, Dividend, Capital expenditure.

Jobs in shipbuilding threatened

BY OUR PARIS CORRESPONDENT

SOME 3,000 workers yesterday occupied one of France's main shipyards on the Mediterranean as the Government stepped in with aid to prevent further job losses elsewhere in the industry.

On Monday by the management of Chantiers du Nord et de la Méditerranée (Normed) that it might have to cut as many as 5,600 of its 11,000 workforce.

recapture orders for two ships lost to Yugoslavia. This follows the outcry in France when the outgoing government ministers, led by the nationalised Compagnie Générale d'Electricité, let it be known that Yugoslavia had won orders for four ships because of the French Government's delay in intervening on its behalf.

It avoided bankruptcy last year through an injection of FF 750m of state aid. It is seeking a further FF 1.3bn this year. The management's proposals are seen as a forerunner of a major restructuring of the shipbuilding industry.

The fresh aid that emerged yesterday for the industry will benefit the other main shipbuilding group, Alsthom-Atlantique. The Government has decided to make available about FF 275m to enable Alsthom's yards at Saint-Nazaire to

Normed's threat of redundancies came in the form of a statement to the works council. Faced by a collapse of orders, the management put forward a number of suggestions. The most drastic would involve the loss of 5,600 jobs and the closing down of one yard—probably Dunkirk. Another would mean the loss of 3,000 jobs but continuing production at all three yards.

Right at odds over European elections list

By David Marsh in Paris

FRENCH right-wing opposition parties are squabbling over their strategy for fighting the European parliamentary election in June.

A top level meeting yesterday between the two main parties—ex-President Valéry Giscard d'Estaing's UDF grouping, and the neo-Gaullist RPR led by M Jacques Chirac—failed to break the deadlock over whether the opposition should present one or two lists.

Mme Simone Veil, former Health Minister in the Giscard government and president of the EEC parliament from 1979-1982 who also attended the meeting, is insisting that she should lead a joint list.

The first political casualty of the disagreement was announced yesterday afternoon, M François Léotard, secretary general of the small Republican party which is affiliated to the UDF, said he was resigning from the UDF's political council because the party appeared to be giving in to Mme Veil.

The ruling Socialist Party is also trying to make up its mind on which politician should lead its own list.

M Jacques Delors, the Finance Minister, has been recommended by M Lionel Jospin, the Socialist Party's first secretary, as the man most likely to rally the left-wing vote.

In the mounting controversy on the right, Mme Veil's insistence on a single list is supported by the RPR but contested by the UDF. The latter wants to present its own list to redress its image—somewhat battered after the electoral defeat of M Giscard d'Estaing as a credible and separate force.

Paris may call tripartite EEC meeting

By Our Paris Staff

FRANCE IS contemplating presenting a proposal to hold a meeting of European government ministers, labour leaders and representatives of industry and business, as part of a series of initiatives on European industrial and economic problems.

The tripartite meeting forms part of the initiatives France had intended to put forward during its presidency of the EEC, but which have been overshadowed by the crisis inside the EEC after the failure of the Athens summit.

Although a tripartite meeting was held in 1979 bringing together government officials, labour representatives and business figures, it was generally regarded to have been unsuccessful.

Such a meeting would be designed to try to help strengthen, among other things, some of the Community's economic and industrial structures.

M Jacques Delors, the French Economy and Finance Minister, has again called recently for new concerted European initiatives to strengthen the role of the European Monetary System and the ECU.

However, France is now putting the emphasis on bilateral contacts in its European Community diplomacy. These negotiations started this week with talks in Paris with Herr Hans Dietrich Genscher, the West German Foreign Minister.

Yugoslavia and IMF fail to agree loan conditions

BY ALEKSANDAR LEBL IN BELGRADE AND DAVID BUCHAN IN LONDON

TEN DAYS of talks in Belgrade about a possible new International Monetary Fund standby credit for Yugoslavia have ended inconclusively.

IMF officials failed to agree on key policy adjustments for 1984. But they are to resume talks next month.

This hiatus in reaching a new IMF programme, considered by Yugoslav and bank creditors as the key to refinancing the \$5bn Yugoslav debt maturing this year, may cast a pall over today's talks in London between Yugoslavia and commercial banks.

The stalemate stems from Yugoslav resistance to various IMF proposals. These include increases in interest rates from a ceiling of 30 per cent to nearer the annual inflation rate of around 60 per cent, further depreciation of the Yugoslav dinar which lost more than half its value against the U.S. dollar last year, and an end to a price freeze introduced at the end of 1983.

last measure is an obstacle to restructuring the Yugoslav economy.

While accepting some IMF proposals in principle, the Yugoslav Government feels that too harsh an adjustment will cause more harm than good. With the current account ending 1983 in balance, the Government believes that its current policies are on the right track.

Final agreement on refinancing 1984 debt maturities to banks governments and investors may have to wait until Yugoslavia deals with the IMF.

Yugoslavia has already got an agreed "standstill" on repayments of principal, though not of interest and is asking the banks as a minimum to re-nance the \$1.6bn it owes them this year.

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EUROPEAN NEWS

European arms conference aims for modest goals

BY ANTHONY ROBINSON IN STOCKHOLM

THE SWEDISH Prime Minister Mr Olof Palme opened the 35-nation conference on confidence and security-building measures and disarmament in Europe (CDE) yesterday with a call for "modest and realistic efforts to reduce distrust and insecurity."

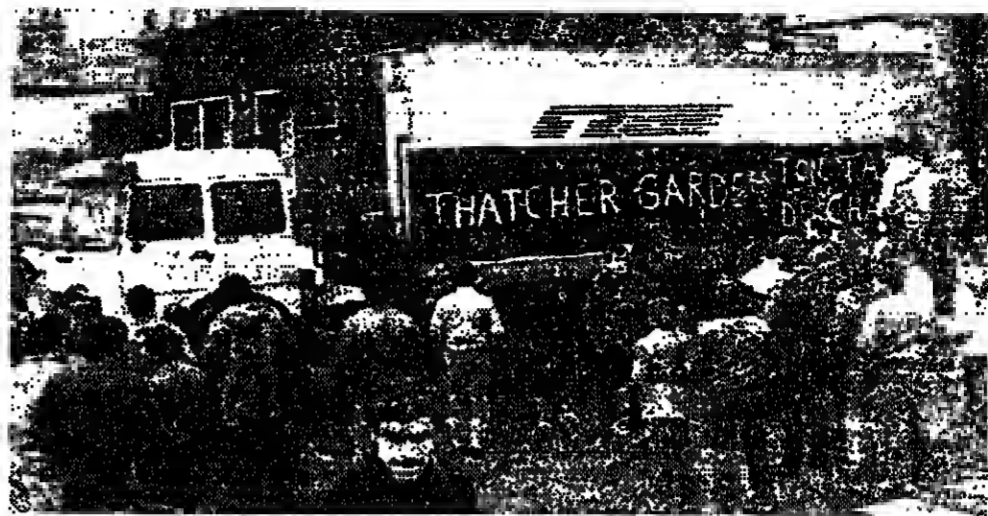
Date set for election in Basque country

By Tom Burns in Madrid

THE LEADER of the regional Basque Government, Sr Carlos Garaikoetxea, yesterday dissolved the local parliament and nominated February 26 as the polling date for elections in the provinces of Alava, Guipuzcoa and Vizcaya that together make up the autonomous Basque community in northern Spain.

Ivo Dawmay in Brussels explains the deadlock over EEC agriculture prices Agreement only on the need to disagree

THE CHORUS bowling for special treatment in the EEC Commission's package of agriculture price proposals was for once in harmony last weekend.



French farmers seize a British lorry, kidnapping the driver... the sign reads: "Thatcher, keep your lamb"

This is unlikely however to discourage the Commission, whose main task is to convince member states that there is no alternative.

But not all aspects of the economies will survive. The most deeply divisive seems to be the move to eliminate Monetary Compensatory Amounts—the system of border levies and subsidies designed to cancel the effects on commodity prices of currency fluctuations.

If the Commission's approach is adopted, the effect on farm incomes will be very unequal from member state to member state. In West Germany, the strongest opponent of the move, for example, farmers would suffer a 5.4 per cent price cut for their produce, while their French colleagues would enjoy a 3.2 per cent rise.

According to the Commission, farmers have already undergone an average 6 per cent fall in earnings over the past 12 months, though this follows a 10 per cent rise in 1982. Copa, the federation of European farmers' unions, claims that in 1983 there was a 13 per cent decline to a level 20 per cent below that recorded between 1973 and 1975.

The Commission's dilemma, split out at a meeting with

Copa last week centres on its duties under the Treaty of Rome to reconcile the maintenance of living standards for Community farmers with the preservation of a common policy.

Mr Paul Dalsager, the Agriculture Commissioner, made it bluntly clear that such a reconciliation is no longer possible, and that given the choice, the Commission must put first the preservation of the policy.

The decline in farm incomes, the Commission argues, is academic when put beside the record of other major agricultural producers such as the U.S., which saw a 27 per cent fall in overall agricultural incomes in 1982.

Copa's demand for a minimum 3.9 per cent rise to bridge the gap between the rate of the rise in costs against the rise in product prices may be technically correct. But the Commission replies that the

failure over recent years of member Governments to accept reforms means that market forces must now apply in some measure.

The justification for the Commission's meagre offer of an 0.8 per cent average price increase lies in a 35-page report, published last week, outlining the economic and budgetary context of its proposals.

The report underlines that world trade in agricultural products increased by an average of 15 per cent yearly between 1977 and 1980, stabilised in 1981, then fell by 9.4 per cent in 1982. This was reflected in EEC exports which, after an average 17 per cent increase each year between 1973 and 1981, fell by 2 per cent in 1982 and are expected to have fallen further in 1983.

Unless action is taken, the milk sector will be heading for production of 121m tonnes by 1990, though EEC consumption is anticipated at only 87m tonnes. Such a trend would put massive pressure on the budget, which is expected to pay

Ecu 5bn (£2.85bn) in guarantee payments this year. External markets and demand are also poor.

The cereals sector is equally gloomy. While the Commission is nervous about predicting world demand, it expects domestic production on present trends to reach 137m tonnes by 1990 against internal demand of 114m tonnes.

By denying grain producers any price rise this year, it is hoped to hold expenditure in guarantee payments to Ecu 2.59bn in 1984 while maintaining world market share and deterring over-production. How the projected 23m tonnes 1990 surplus will be disposed of remains an unanswered question.

Similar problems, though on a lesser scale, face other sectors, leaving the Commission to conclude that market management difficulties are now more severe than at any time in the 25-year history of the CAP.

If the price proposals together with the Commission's comprehensive CAP reform package are accepted by March 31, a 1984 saving of Ecu 873m could just keep overall expenditure within the year's Ecu 16.5bn budget.

But even the most optimistic EEC watchers are convinced that the chances of a comprehensive agreement are extremely uncertain. Leaving the prices issue aside, reform proposals like the "superlevy" on excess milk production and the controversial oil and fats tax scheme are vigorously opposed in their present form.

It seems clear, therefore, that the Commission's threat of introducing "immediate and even drastic cuts" in farm price support in the event of no agreement may just happen. If so, the warnings from French farmers' leaders of further civil unrest move closer to being fulfilled.

Polish church unveils aid scheme for private farms

BY CHRISTOPHER BOBANSKI IN WARSAW

THE Roman Catholic church in Poland has published details of a controversial Western scheme to help the country's private farmers, who produce 80 per cent of Poland's food.

would also benefit from the programme.

Nevertheless, the Government continues to raise doubts about the level of the sums the church is quoting.

The Church says that, with goodwill on both sides, the scheme could come into operation by the middle of this year. Pilot projects in the first year of operation would be worth £5m. In the second stage, equipment worth £625m would be shipped to Poland and sold to farmers for zlotys.

King of Belgians hits out at Britain's European policy

BY PAUL CHEESERIGHT IN BRUSSELS

REGAL DESPAIR at the state of the world with its profound economic disorder has led Baudouin, King of the Belgians, to attack the U.S. for its monetary policy, the UK for its European policy and his own countrymen for their divisiveness.

In an abnormally outspoken speech by the standards of the royal households of Europe, King Baudouin addressed him-

self to the world economic crisis and the "every-man-for-himself" reaction to it.

The speech was written in the royal household but approved by the Government for delivery to a meeting yesterday of Belgian politicians.

Monetary policy had led to unduly high interest rates in the U.S. that restrained economic activity, fostered monetary instability and attracted a

large proportion of the world's savings to the world's richest country, King Baudouin said.

In a scarcely disguised assault on Mrs Margaret Thatcher's EEC budget policy, he said: "We may wonder how many European Council meetings have so far been given up to those budget arguments in which every-man-for-himself behaviour is reflected in the notion of an

equitable return. The consequences of the discord in Europe may be discerned by all."

He also chided his countrymen for not reinforcing what unites, for spending so much time analysing what divides them and not enough on looking at interdependence and the possibilities for growth.

Generally though, his speech

was an international counterpart to his plea for greater national unity on Belgium's national day last July when he gave an unprecedented television speech.

The theme of interdependence is apparently one he has taken up in private audiences with both domestic politicians and foreign visitors. His public pronouncements though are not especially frequent.

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OVERSEAS NEWS

Larrikin king dominates Australian centre court

BY MICHAEL THOMPSON-NOEL IN SYDNEY

WHEN Bob Hawke was a boy, he often told people he was going to be their leader. So much so, that one of his rivals at school in Perth used to walk into class and announce: "The Prime Minister is coming."

Later, as a law student at the University of Western Australia, he clashed with his mother, Ellie, over whether he should ride a motorbike. He won, and was given a Black Panther. He rode it, according to a contemporary, "hunched forward, staring straight ahead, never looking to right or left, and convinced he was riding it well."

Today, as leader of the Australian Labor Party (ALP) and Prime Minister, Mr Hawke still sits hunched forward staring straight ahead, with barely a glance to left or right. But, as a result of his steering and throttlework, the Hawke Government so dominates the political scene that on the Perrier water circuit in Canberra (Mr Hawke is a horn-stain teetotaler), it is increasingly assumed that Labor—barring catastrophe—will win the next election.

Robert James Lee Hawke, son of a Congregational church minister and now 54, is likely still to be Prime Minister when Australia celebrates its bicentenary in 1988, according to those in the know. In last March's election Mr

Hawke and the ALP redrew the political map by humiliating the Liberal-National Party coalition which had ruled for all but three of the previous 34 years. Since then, Mr Hawke has held total sway.

The dominance of his Government can be attributed to several factors: ● the economic record of its predecessor, including the legacy of a budget deficit of A\$9.6bn (£6.2bn). As a political weapon, the record of the Fraser years has now lost its edge, however;

● Mr Hawke's assiduous courting of big business, together with a growing penchant for economic and financial innovation; ● a taste for rationalism, pragmatism, and political conservatism that has appropriated for the Government almost the entire ground of Australian politics;

● recovery in the economy, and good luck. Mr Hawke's appearance at major sports events from racing to test cricket to the final of the Davis Cup, has demonstrated his populist instincts, and enhanced his stature. But his handling of the power brokers of business has been no less impressive. He has created the Economic Planning Advisory Council (Epac) and the Advisory Committee on Prices and Incomes (Acpi), and is on

Mr Ian Sinclair, aged 54, was yesterday voted leader of the Australian National Party, in succession to Mr Doug Anthony, despite strong criticism of Mr Sinclair last week in the report investigating allegations of bribery and corruption in New South Wales, writes Michael Thompson-Noel. Mr Justice Cross said in his report that allegations by Mr Sinclair were "simply untrue."

Yesterday, Mr Bob Hawke, Australia's Labor Prime Minister, said the National

Party had revealed itself as unprincipled, adding that the findings of Mr Justice Cross amounted to "the most comprehensive demolition of the credibility of a senior practising politician ever made."

Despite the backing of Mr Andrew Peacock, the Liberal Party leader, Mr Sinclair's exposure by Mr Justice Cross could mean more problems for the Liberal-National coalition partners. Mr Hawke said Mr Peacock's support for Mr Sinclair was "pitiful."

or otherwise, of the prices and incomes accord, between the Government and the trade unions. It was the pay and prices pact that formed the bedrock of Mr Hawke's election campaign last March. It covers not only pay and prices but taxation, government expenditure, industrial relations and development (including technological change), immigration, education and health. Labor's Minister for Employment and Industrial Relations stressed recently that the accord "represents the first real hope Australia has had for years to achieve sustained reductions in both unemployment and inflation." Mr Cliff Dolan, the ACTU president, says the accord will "need to be reviewed over time, but at this point there are no particular

areas that need consideration."

More sceptically, Mr Bryan Nokes, director of the Confederation of Australian Industry, says the viability of the accord seems likely to be tested in the second half of 1984. Professor John Nisand, of the University of New South Wales, says that by the middle of the year, a handful of significant unions may be wavering.

He adds: "The Left-wing unions are getting weary of the 'no-strike' Government, and the perception that the Government is decidedly to the Right is significant. Federally the ALP totally dominates the stage, leaving the Liberal-National Party partners a temporarily

impotent political force. This explains the rough ride suffered so far by Mr Andrew Peacock, the Liberals' new leader, who recently remarked, but whose playboy image remains a liability. In a recent sally, Mr Bill Hayden, Labor's Foreign Minister, claimed that Mr Peacock represented the "flag end of the Peter Stuyvesant set."

Not only does Mr Hawke dominate Canberra in the style of a larrikin-king, but he has stolen the Liberals' clothes. This was confirmed by last month's flouting of the Australian dollar which has worked well to date, and is likely to herald a further freeing of the financial system, and the encouragement of offshore banking in Australia. Labor may also welcome the foreign banks, to hasten Australia's emergence as a significant Western Pacific financial centre.

The Government has revealed its political colouring in other ways. Just before Christmas, it adopted a demonstrably soft line on foreign investment, ignoring an official ALP policy requirement that Australian participation in key areas be raised to 31 per cent. The ALP platform is strong on rhetoric and social conscience, but as a guide to what is happening in Canberra, its relevance is not marked.

Will Mr Hawke continue to speed along a route marked "1988?" This has not hurt Mr Hawke. On the contrary, his latest



Mr Bob Hawke

approval rating, as measured by Morgan Gallup in The Bulletin magazine, is 66 per cent to Mr Peacock's 41 per cent. Mr Peacock's rating has never risen above 50 per cent. Similarly, on a first-preference basis, Labor's current popularity rating is 52 per cent (against 49.5 per cent at the election last March), while the coalition's is 41 per cent (against 43.6 per cent), and the Australian Democrats' 5 per cent (the same). Will Mr Hawke continue to speed along a route marked "1988?"

When his youthful will prevailed over that of his mother and he was given his motorbike, he crashed it. He was taken to hospital in unbearable pain. He lay cursing and moaning. Twenty-four hours after being anaesthetised, Mr Hawke awoke to find a wound, seven inches by seven, alongside his navel. His spleen had been removed. That time, he recovered. At present, there is not the slightest indication that he is heading for a fall. But this time, he will no doubt be watching the road carefully.

Britain's IDA contribution to be halved

By Quentin Peel

BRITAIN'S contribution to the International Development Association (IDA), the soft loan arm of the World Bank which lends to the world's poorest nations, is to be cut by more than half in the next three years.

The new contribution to IDA is \$585m (£412m), compared with \$1,212bn (£854m) in the last complete three-year financial cycle of the association.

The proportional cut in Britain's subscription to IDA, whose activities are particularly important in the Indian sub-continent and sub-Saharan Africa, is even greater than that of the U.S., which last week refused to provide more than 25 per cent of the Association's total funds, or \$750m a year.

Israeli civil servants threaten one-day strike over wage claim

BY DAVID LENNON IN TEL AVIV

GOVERNMENT SERVICES in Israel may be totally paralysed today by civil servants who are threatening a day long strike following the three hour stoppage yesterday in pursuit of wage increases.

The battle over public sector salaries is crucial for the survival of the Government, which is trying to reduce real wages by 12 per cent this year as part of its struggle to overcome the country's economic crisis. Postal and railway services have been shut down completely for the past two days, as these workers have led the fight for higher wages.

Negotiations between the Government and the civil service union have been stuttering along all week as the public services have been increasingly disrupted by workers

disgruntled over the 33 per cent erosion of their salaries in the past three months.

Meanwhile reaction was mixed yesterday to the decision, announced the night before, to re-impose tough foreign currency controls, which particularly affect private investments by Israelis abroad.

Future private investment in overseas bonds, shares and gold is banned, as are private overseas bank accounts. Those Israelis with bank accounts abroad must close them and repatriate their holdings by April.

The maximum foreign currency purchase by Israelis going abroad was cut from \$3,000 to \$2,000. Shares already bought on foreign

markets, but no new purchases will be allowed, except for specific Israeli companies quoted on foreign markets.

Because of the collapse of the Tel Aviv Stock Exchange during 1983, there had been a growing tendency for Israelis to invest abroad, especially in the New York and London exchanges. At present it is estimated that individual Israelis have invested about \$700m in foreign stocks, and about \$200m in Eurobonds.

Mr Yigal Cohen-Orgrad, the Finance Minister, said the move was designed to help reduce the current account deficit of the balance of payments and to strengthen foreign currency reserves.

S. Africa and Mozambique make ground

By J.D.F. Jones in Johannesburg

THE bilateral talks between South Africa and Mozambique aimed at improving relations between the ideologically-hostile neighbours appeared to make satisfactory progress at Monday's twin sessions in Maputo and Pretoria.

But everything depends on whether the Mozambique Government shows itself able and willing to restrain the activities of the African National Congress (ANC) inside and in transit through its territory.

For its part, the South African Government must show that it is not assisting the dissidents of the Mozambique Resistance Movement (MNR). "Africans make no secret of their position that economic relations between the two countries can only be improved as Maputo wishes of they are given satisfaction on the security issue.

The security talks in Pretoria on Monday lasted for eight hours after which a communique was issued stating that the delegations had "considered measures to be taken in order that the territories of neither state should serve as a springboard for aggression and violent action against the other.

"They also discussed practical mechanisms to ensure the implementation of the objective as well as the continuity of the process."

Meanwhile, in Maputo two senior delegations discussed economic co-operation, including the resumption of power supply from the Cahora Bassa hydroelectric project (which has been repeatedly interrupted by MNR sabotage), migrant labour from Mozambique to the republic, and the resumption of the potentially valuable tourist traffic from South Africa.

Companies hit by labour unrest

By Our Johannesburg Correspondent

THE recent spate of labour unrest in South Africa is affecting several international companies, with trouble spreading to the AECI explosives and chemicals group—in which ICI has a 38 per cent holding—and the wholly-owned BMW motor manufacturer.

AECI is the largest commercial explosives manufacturer in the world and the primary supplier to South Africa's mining industry. A strike by 5,000 workers, members of the South African Chemical Workers Union, at the main AECI plant at Modd Fronteins spread yesterday to other plants at Sasolburg (where 1,900 workers came out) and Somerset West (750 strikers).

Union leaders travelled to the company's Natal factory at Umbogirini, presumably to try to persuade the workforce to join their colleagues. Sixty-five per cent of the non-salaried AECI workforce is now on strike.

The strike is significant because the union has gone through the official disputes procedures, including meetings of the conciliation board, and this week's strike is therefore unusual in being "legal" in terms of the Government's reformed labour legislation. The dispute centres around a wage claim, with the union seeking a minimum monthly wage of R400 where as the company has offered, and implemented, R383 which is an 8.3 per cent increase.

Saudi Arabian consul abducted by six gunmen in West Beirut

BY NORA BOUSTANY IN BEIRUT

BEIRUT - Mr Hussein Farrash, the Saudi and first secretary at the Saudi Embassy, was abducted by six gunmen yesterday. His fate is not known.

The gunmen, so far unidentified, ambushed Mr Farrash's car while he was on his way from his home to the embassy complex in mainly Moslem West Beirut. They escaped despite an exchange of fire with

Lebanese army soldiers in Beirut's Raouche seaford district.

A Saudi bodyguard, Mr Ahmed Ali Oussai, was slightly injured. He was taken to the American University Hospital for treatment.

There could be several motives for kidnapping Mr Farrash. Pro-Iranian Shia Moslems may have been responsible because of Iranian disapproval of Saudi Arabia's finan-

cial backing for Iraq in the Gulf war. Also, Syria has made no secret about its displeasure at overtures by Arab leaders to the Egyptian regime.

Contacts between Egypt's President Hosni Mubarak and King Hussein of Jordan, as well as a statement by Iraqi president, Mr Saddam Hussein, that he would like to visit Cairo quickly drew bitter criticism from Damascus officials.

UN chief calls for Middle East conference

CASABLANCA - UN Secretary-General Javier Perez de Cuellar

proposed convening a general Middle East peace conference with the UN Security Council and "all interested parties" to the conflict - presumably including Israel and the Palestine Liberation Organisation (PLO). Mr Perez de Cuellar told the official Moroccan news agency that he made the suggestion in letters to the 15 Security Council members and would report on their response to a special session of the council on March 15.

He said that he had no reaction so far from any of the governments concerned, but admitted that the idea might not be generally welcomed.

A general conference such as proposed by Sr Perez de Cuellar could bring Israel and the PLO face to face at the conference table with equal status and would put the Soviet Union back into the Middle East negotiating process for the first time since the collapse of the Geneva peace talks in 1974.

Lebanon talks on UN peace force begin

STOCKHOLM - The Foreign Ministers of the four nations in Lebanon have agreed that a peace-keeping force will seek agreement from Soviet Foreign Minister Andrei Gromyko for the UN force in Lebanon (Unifil) to take over some of its responsibilities, a senior Italian official said today.

Mr George Shultz, U.S. Secretary of State and the foreign ministers of Italy, France and Britain held a first meeting on Lebanon last night.

Engine makers warned of risks

BY CHRIS SHERWELL IN SINGAPORE

ANY COUNTRY proposing to make the establishment of an aircraft engine business a national objective should be prepared to make the necessary investment and lower their expectations as the risks grow.

Mr Edward Barwara of General Electric's aircraft engine group said yesterday.

He was speaking on the second and final day of the conference on Aerospace in Asia and the Pacific Basin, held in Singapore and organised by the Financial Times General Electric itself had already been involved in co-production and co-manufacturing, Mr Barwara added, but the company would only switch from its current suppliers if to do so was demonstrably more convenient and economical.

In the intense fight for engine sales to airlines, he went on, prices had come under pressure and even spare parts sales aimed at recouping costs had fallen short of expectations. Profits for engine manufacturers still had to come from spare parts and from "follow-on" buyers of equipment.

International syndicates might seem like the answer to such problems, but they could not create a market.

Greater co-operation in the field of aircraft maintenance was recommended by Mr Graham Howat of the Hong Kong Aircraft Engineering Company, who said it was justified by steadily increasing costs as well as air safety. In 1984 these costs would reach \$2.1bn (£1.5bn), while another \$330m would be spent in the region on maintenance and engineering facilities.

Many fees were too small to justify such expenditures, he said. Co-operation in maintenance should start in training and education, in limited regional specialisation, over inventories and in a sharing of experiences. An inter-airline grouping of chief engineers should also be set up, he argued.

According to Mr Pablo Palomar of Casa, the Spanish aircraft company which is building an aircraft with the Indonesian company PT Nurtanio, joint ventures are increasingly the only way to make manufacturing programmes feasible. In their favour was the sharing of risk and investment and the exchange of tech-

FINANCIAL TIMES AEROSPACE in Asia and the Pacific Basin CONFERENCE

technology. But working against them were logistical and communications problems. Mr James Johnson of the Boeing Company, offering a forecast of the region's aircraft requirements, said that the 20 countries and 40 operators in the area would purchase 19 per cent of the \$107bn that would be spent by 1990 on commercial aircraft worldwide. These orders would consist of 132 standard body twin-engine aircraft, 131 wide-bodied twin-

engined aircraft and 125 wide-bodied three- or four-engined aircraft.

Discussing the short-haul and commuter aircraft market, Dr Tore Gullstrand of Saab-Scania of Sweden said that between 1,000 and 2,000 aircraft carrying 50-40 passengers could be needed worldwide within the next 10 years. This demand was a product of U.S. domestic deregulation and growth in the European market, but there would also be a need for this type of aircraft in the Asia-Pacific region.

Mr Frederick Bradley of Citibank, speaking on the financing of air transport, predicted that the U.S. airline industry would remain unstable for some years to come, and that this would have a significant impact on aircraft manufacturers, particularly the U.S.

Mr Jordan Greene of Avmark Services, discussing the second-hand aircraft market, said present trends indicated continuing strength of the market for wide-bodied equipment over the long run.

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Reagan report claims El Salvador human rights improved

BY STEWART FLEMING IN WASHINGTON

THE REAGAN Administration claims in a report to Congress that in spite of continued violence by right-wing "death squads" in El Salvador, there has been a decline in the overall levels of human rights violations.

However, the 57-page report concedes that abuse of human rights remains a central problem and that democratic institutions are still under attack.

The report, which is seen in part as an effort to back up the Administration's request for increased aid to El Salvador, has been challenged by human rights groups in Washington.

One group, Americas Watch, said that there has been virtually no change in the human rights situation, and claimed that violators of human rights—most of whom are committed murderers—generally go unpunished.

The group claimed that the number of killings of civilians had increased between the first and second halves of last year.

The report on El Salvador had been promised to Congress as an alternative to a Congressional requirement that the Administration certify improvements in human rights as a condition for providing more military aid. President Reagan vetoed that demand last month.

Although encouraging in tone, the report paints a grim picture of the overall situation, suggesting that the judicial

Managua helicopter charge

NICARAGUAN Foreign Minister, Miguel D'Escoto has charged that another helicopter entered the country's airspace from Honduras last week, but recrossed the border after evading anti-aircraft fire, Reuter reports from Managua.

St D'Escoto said Nicaragua had sent a protest note to Honduran Foreign Minister, Edgardo Paz Barahona over the alleged violation.

The accusation follows the shooting down of a U.S. army helicopter by Nicaraguan forces last week. The pilot of the helicopter, which came down inside the Honduran border, was killed.

Peru shoot out

At least 30 Left-wing guerrillas were killed in clashes with police in the Peruvian Andes and seven civilians were mistakenly shot, police said yesterday, Reuter reports from Lima.

The guerrillas died when police repelled an attack on a police station in Ayacucho province.

Surinam strike

Most of Surinam's private bus drivers went on strike yesterday in growing industrial unrest aimed at ousting the military rulers of the former Dutch colony, Reuters reports from Paramaribo.

U.S. money brokers face tougher insurance terms

BY WILLIAM HALL IN NEW YORK

THE FEDERAL Deposit Insurance Corporation (FDIC), worried about the rapidly rising cost of paying out deposits in bankrupt U.S. banks, has proposed tough new curbs on the activities of U.S. money brokers.

The proposed rules, which are open to comment over the next three months, would afford a maximum of \$100,000 insurance coverage per insured bank or savings association for the total deposits placed by or through a single

deposit broker. Under present rules, a deposit broker can place 20 deposits of \$100,000 each, for example, on behalf of 20 different clients, equivalent to \$2m, with a single bank, and all the deposits would be fully insured.

The FDIC has become increasingly concerned in recent months about the growing sums of money being deposited in financially-troubled banks by means of money brokers assembling parcels of fully-insured \$100,000 de-

posits. Several well-known Wall Street brokerage firms have run federally guaranteed brokered deposit schemes.

However, other bank regulators believe that the FDIC may be taking too tough a line. The U.S. Treasury has gone to the annual length of issuing a statement saying that it had "strong reservations" about the FDIC's plans to curtail sharply the activities of the money/deposit brokers.

Mr Roger Birk, chairman of

Merrill Lynch, yesterday stepped into the fray and said the FDIC's proposal "would destroy a national capital market that efficiently links small and medium sized banks and savings and loans to funds outside their local communities." He said the FDIC was taking an "excessively broad approach" to deal with a limited set of problems.

The FDIC is not hedging from its position at present despite bowls of protest from the Wall Street brokers. It says that its researchers show that a greater protection of poorly rated institutions use brokered deposits than highly rated institutions. The 72 banks that failed between February 1982 and mid-October 1983 "had substantial brokered deposits" accounting for 16 per cent of all the banks' deposits. In three cases, the FDIC found that over 50 per cent of the deposits of failed banks were made up of brokered deposits.

Zhao urges U.S.-Soviet N-pact

OTTAWA — Chinese Premier Zhao Ziyang yesterday urged the Soviet Union and the U.S. to agree on "drastically reducing nuclear arms" so that China and the other nuclear powers—Britain and France—could eventually disarm jointly.

Zhao, making the first address ever by a Communist leader to the Canadian Parliament, endorsed Prime Minister Pierre Elliott Trudeau's initiative for reducing world tensions, without committing China to participating in a proposed disarmament conference of all five nuclear powers.

"We appreciate the efforts made by Prime Minister Trudeau to safeguard world

peace, relax international tension and promote nuclear disarmament," Zhao said, speaking through an interpreter.

"We hope that all peace-loving countries and people go into action and urge the two nuclear powers which possess over 90 per cent of the world's nuclear weapons to stop their nuclear arms race, resume disarmament talks, hold discussions in earnest and take the lead in agreeing on measures of drastically reducing nuclear arms so as to create the conditions for joint nuclear disarmament by all the nuclear countries," he said.

Zhao, who ended an eight-day visit to the U.S. on Monday, is

making a week-long tour of Canada, beginning yesterday morning with meetings with Mr Trudeau and his Cabinet.

Mr Trudeau said Zhao's speech is "momentous because this occasion constitutes a recognition of the very special ties which unite our two nations."

Zhao said there were three obstacles to improving Chinese relations with the Soviet Union. First, the Soviet Union must stop supporting Vietnam in its aggression against Kampuchea; second, it must withdraw its troops from Afghanistan; and third, it must withdraw its forces from the Sino-Soviet border and Mongolia," he said. A.P.

Indiana nuclear plant construction abandoned

BY STEWART FLEMING IN WASHINGTON

THE U.S. nuclear power industry has suffered another blow with the announcement that the public service company of Indiana is stopping construction of its Marble Hill nuclear power plant, which is half finished and has already cost some \$2.5bn (£1.75bn).

The company said it had stopped work on the project because of soaring costs and a shortage of funds to finish the project. It is believed to be the most expensive nuclear power plant ever to have been abandoned, and follows a decision last week by the Federal Nuclear Regulatory Commission that Commonwealth Edison could not operate its \$3.35bn Byron nuclear power station near Chicago.

The two announcements are seen as a further deterioration in the situation in the nuclear power industry which has an estimated 60 plants under construction, and which has been under persistent cost and safety pressures.

Public service Indiana's decision to scrap the Marble Hill plant will likely force emergency rate increases and business losses in the surrounding local community, company officials and residents said.

Bank of Mexico to offer private sector loan plan

BY WILLIAM CHISLETT IN MEXICO CITY

THE Bank of Mexico yesterday announced a scheme to help the country's hard-pressed private companies borrow new money abroad. The scheme is similar to the one which the central bank set up last year, to help private companies reschedule over \$1bn (£770m) of external debt under the Foreign Debt Restructuring Programme of December 20 1982. It will be administered by the same Government Commission, known as Ficorca.

Businesses have been driven to the wall by the massive extra costs in peso terms of servicing their external debts, caused by the heavy devaluation of the currency.

The central bank will assume the foreign exchange risk on new loans, if the company borrows dollars over a minimum of eight years, with four years grace.

The Bank will make available the dollars for interest payment and repayments of capital at the controlled rate, which is currently 145 pesos to the dollar, as opposed to the free rate. Companies will be able to borrow pesos to buy dollars at rates lower than those offered by the state-run commercial bank.

The central bank said in a statement that it hoped this scheme would stimulate private sector investments, which are very depressed, and also help restore access to the international capital markets.

The response to this scheme is not expected to be very great since companies are now wary of borrowing abroad, and most foreign banks do not want to increase their exposure to Mexico.

Mexico set for improved export credit prospects

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

INDUSTRIAL countries have become more willing to grant export credits to Mexico now that its economic performance has improved, according to Mr Angel Gurría, the country's chief foreign debt negotiator.

Last year, when its financial crisis was at its height, Mexico was uncertain about whether it would be able to draw on export credit lines. "Coves is now confirmed," Mr Gurría said.

Mexico's experience is in marked contrast to that of Brazil, which has faced difficulty putting together a \$2.5bn package of credits from industrial country governments as part of its debt rescue package negotiated with the International Monetary Fund. Like Brazil, Mexico has to arrange export credits in this year, although for a rather smaller amount of around \$1bn (excluding special U.S. government credits for grain imports).

Mexico's standing with foreign export credit agencies has improved because the public sector is fully up to date on interest and principal payments. Unlike last year it will not seek to renegotiate export credits granted to its private sector, about \$1bn of which are being refinanced following Paris Club negotiations last June, he said.

Mr Gurría, in London for a presentation to bankers on

the country's new \$2.5bn loan, said he was altogether much more relaxed about Mexico's financial position. This had led to lower interest margins on the new loan, although they were not as low as Mexico had at first requested.

The 10-year loan carries a margin of 1 1/2 per cent over U.S. prime rate or 1 1/2 per cent over Eurodollar rates. This is well below the margins of 1 1/2 per cent and 1 1/2 per cent respectively paid on the rescheduling of \$28bn in public sector debt falling due in 1983 and 1984.

Mr Gurría said he could not exclude the possibility that Mexico would seek to renegotiate these terms at some stage in the future, but he firmly denied reports that it had already made such a request to the committee of lending creditor banks with which it has negotiated the new loan.

The conditions on the new loan are regarded as tight by some creditor banks, but Mr Gurría said yesterday they were agreed very much with an eye to the requirements of the market. Mexico has heavy debt repayments through the rest of this decade with public sector debt peaking at \$13.97bn in 1987, and it wants to be able to refinance this debt without recourse to further rescheduling.

U.S. 'refusing assistance in Bahamas drugs inquiry'

BY NICKI KELLY IN NASSAU

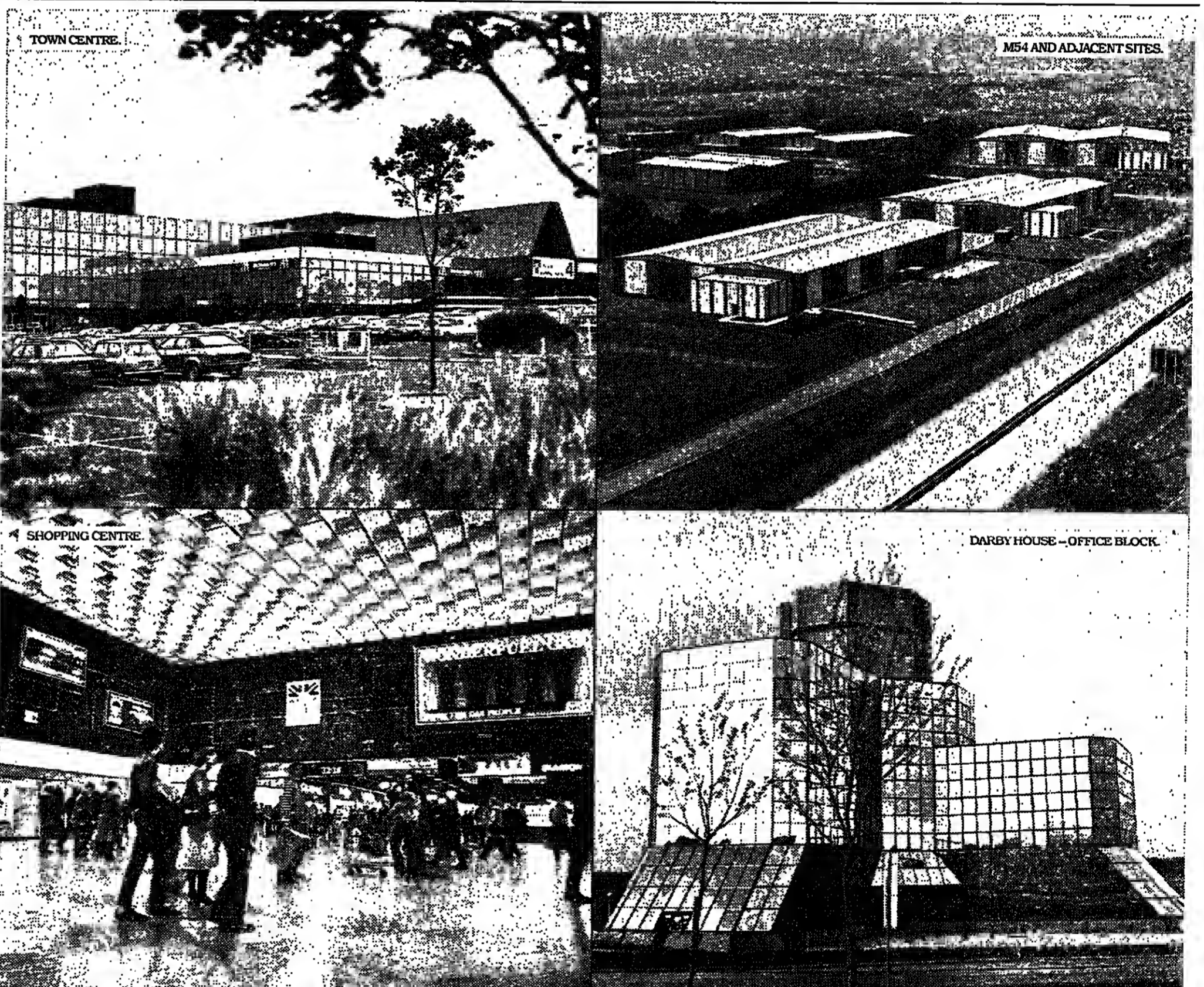
THE CHIEF counsel to a Royal Commission investigating drug smuggling in the Bahamas has criticised the U.S. Government for withholding information crucial to the inquiry.

Mr Robert Elliott, a former Attorney General of Australia, said that Washington was refusing to co-operate after promising assistance. The commission, he said, needed evidence from persons who were either involved in proceedings in the U.S. or in prison in the U.S.

The commission, which has been questioning witnesses since the beginning of December, was established by the Bahamas Government after a programme by NBC, the U.S. television network, quoted U.S. Justice Department claims that Prime Minister Sir Lynden Pindling and other government officials were being paid \$1,000 a month to protect a cocaine smuggling ring operating from the islands. The Prime Minister and officials refute the allegations.

Mr Elliott said he had indicated at the outset that the commission would need the support of the U.S. Government. He was now making a public appeal for co-operation, he said. "Having had some experience in Washington in relation to the matter, I believe that unless it becomes a matter of concern publicly, then nothing will be done about it."

Both the Prime Minister and the Parliamentary opposition have also urged the U.S. to co-operate with the commission



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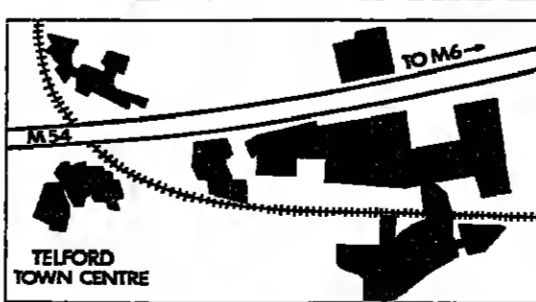
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TECHNOLOGY

NEW ION TECHNIQUES PIONEERED AT HARWELL

Oxygen blast for chips

BY PETER MARSH

BRITISH RESEARCHERS are to build a £1.2m ion-blasting machine that could give the country a world lead in advanced areas of chip production.

The machine, at the UK Atomic Energy Authority's research laboratories in Harwell, Oxfordshire, should be finished next year.

With the device, workers will bombard silicon with high-energy oxygen ions. These will form a layer of insulating material about one micrometre (millionth of a metre) beneath the surface of the semiconductor.

The approach promises to become a cheap, straightforward way of engineering an insulating layer in microelectronic devices.

The layer electrically separates adjacent circuit elements such as transistors, making possible high-performance chips.

The Department of Trade and Industry is contributing half the cost of the Harwell machine, work on which should start by the summer.

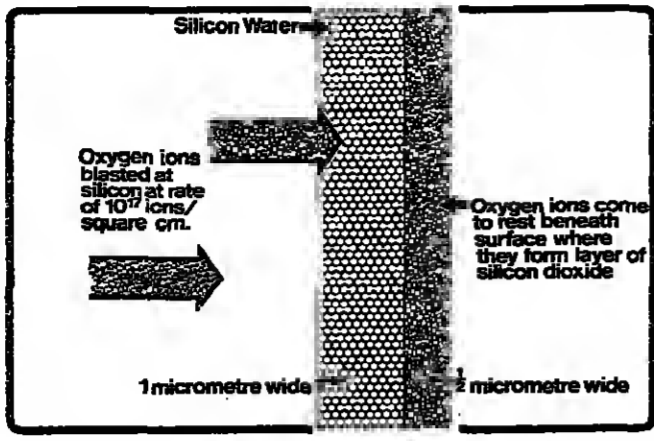
Organisations such as GEC, Plessey and British Telecom are putting up the rest of the cash. The machine, which will take up the space of an average sitting room, will be available for use by industry and researchers from higher education.

Surrey University and Middlesex Polytechnic are among the institutions that will participate in the project.

Ion implantation has become an established way of infiltrating into semiconductors "dopant" materials that are responsible for the electronic properties of chips. Typical dopants are boron and arsenic.

In the Harwell technique, ion implantation will be turned to another use — to produce what semiconductor engineers call a "buried dielectric".

A stream of oxygen ions at 200 kV will be blasted at a silicon wafer. The Harwell machine will use a very high ion current — more than 100 mA, compared to less than 10 mA for conventional ion-implantation machines.



Harwell's new ion machine could lead to more powerful chips

This high current ensures that a lot of ions enter the semiconductor in a short time. To produce a layer of between half and one micrometre in thickness, electronics researchers need to inject into every square centimetre of chip lattice no fewer than 10¹⁷ ions of oxygen.

With the relatively low currents of conventional machines, to position this huge volume of ions would take days.

Inside the chip lattice, the oxygen combines with silicon atoms to give silicon dioxide. This acts as a thin layer on top of which, in later stages of the manufacturing process, engineers position "islands" of doped material that act as individual circuit elements.

The process must take place at 500°C. This high temperature stitches together gaps in the lattice torn by the oxygen ions as they plough through to their final position.

In conventional methods of producing a layer of insulating material, engineers deposit silicon from a vapour onto a coating of silicon dioxide.

But silicon deposited in this way is in the polycrystalline form which is unsuitable for high-speed electronic circuits.

Single-crystal silicon, the kind favoured by semiconductor engineers, does not "seed" naturally on silicon dioxide.

In Britain, GEC has pioneered work in silicon-on-sapphire technology, in which single-crystal silicon is grown on an insulating layer of aluminium oxide. But this approach is relatively expensive.

Sinclair's new machine assessed

One for the record . . .

BY JASON CRISP

HOW FAR is a quantum leap? Sir Clive Sinclair has—with characteristic chutzpah—named his latest personal computer the QL, because he believes it is a "quantum leap" in microcomputing.

At £399 it is by far the cheapest computer to use a 32-bit microprocessor. The price includes a 128K random access memory, two microdrives for mass memory (with 100K storage), and four business-oriented applications programs including wordprocessing and a financial spreadsheet.

The machine is powerful enough to run several computer programs at once—and to display those in different parts of the screen.

The inbuilt electronic memory (the 128K RAM) is comparable with much more expensive computers and is enough to store a long and sophisticated program.

Sinclair is also to sell a RAM expansion board which would give the machine a total memory of 640K. Each of the

microdrives can store the equivalent of about 15,000 words of text, which is roughly what you could cram onto two pages of the FT without headlines, illustrations or adverts.

Sinclair Research has developed its own operating system, QDOS. This drives the Motorola 68000 microprocessor at the heart of the QL.

The operating system establishes the performance of the microchip and enables it to run several programs at once.

The company has also developed for the QL a new programming language, called Sinclair SuperBASIC.

Sir Clive says that it bears little relation to the well-known and widely used BASIC language. "BASIC has been criticised for being 20 years old . . . We have put right all the things wrong with BASIC, in fact it is so different it probably deserves a different name," he said.

Only four programs were last week available for the QL. The programs, included in the price,

were written for Sinclair by Psion, a small British computer software company founded in 1980.

The four are word processing, a spreadsheet for financial planning, database management for filing, and business graphics for producing graphs and charts.

The four programs indicate Sinclair's strong interest in the business customer. Word processing and financial spreadsheets are the main use of personal computers in commerce—and word processing is also an important application among scientific and home users of micros.

Up to 64 QLs can be linked in a network, which the company believes will make the machine more attractive to people in offices.

But the QL does not have a modem — for connecting other computers via a telephone line — nor a facility to link with a Winchester disc drive, for much more powerful and fast mass memory storage. Both are still under development.

. . . and one for the road

BY LOUISE KEHOE IN SAN MATEO

APPLE COMPUTER will show its cards by introducing a new range of personal computers this week, but the company still has an ace up its sleeve.

Sometime soon, possibly in April, Apple is expected to announce a portable version of its stalwart Apple II personal computer.

The introduction is eagerly awaited by hundreds of thousands of Apple II owners who yearn for the convenience of a carry-along computer that can run programs from their existing machines.

An estimated 16,000 application programs have been developed for the Apple II over the six years since its introduction. Most of them are expected to run also on the new portable.

Apple has not released any details of the product, but it is reliably described as weighing 10-12 pounds, being very small, and to be priced under \$1,000.

It remains to be seen whether the portable will, like the Apple II, be an upgradable machine.

Although the Apple II's performance has been surpassed by any number of newer personal computers over the past few years, one of its charms remains that users can grow up with their machines.

Most Apple II owners add boards of memory, communications or other enhancements to their machines.

Since many of the more powerful programs designed for use with the II assume such upgrades have been made it is to be hoped that the new portable will provide the same flexibility.

For Apple, making the II portable cannot be too difficult. The company reduced the electronics of the II to a single board of only 32 chips when it announced the new IIE last year.

Although the IIE looks like an older II, or II Plus, on the outside, it has a lot of space and very little else inside.

Finally, it seems, Apple will get around to reducing the size

of the II to portable proportions.

A possible reason for Apple's delay in making the obvious move toward portability may have been the company's reluctance to opt into Apple II sales.

Now, the time for truly portable computers has come, suggest industry analysts. Alex Stoin, a senior analyst at Dataquest, predicts that the market for portables is about to take off. He expects growth of 238 per cent per annum—starting from zero in 1981 and growing to 1,320,000 units in 1987.

He expects both Apple and IBM to enter the market this year. "The portable Apple will be highly marketable," he agrees. IBM's portable will address the high end of the market, says Stoin.

The price is expected to be in the region of \$3,500. "If IBM's portable is compatible with its desk top personal computer, it will be a natural fit in the corporate market," says Stoin.

Security

Reliance goes for mag cards

RELIANCE SYSTEMS, part of GEC Information Systems, has entered the security access market, deploying magnetic card readers linked to electronic control units to the company's existing time and attendance recording equipment.

Individuals' badge cards, inserted into terminals at access points will only unlock the door, gate or barrier if the card holder is allowed into the area at that time.

Zones and times of access for each card holder are programmed via secure keyboards on the control units and can be changed whenever necessary.

There are three versions of the system. The CA 100 is a stand-alone unit for one entrance that will accept up to 500 cards while CA 200 takes 2,000 cards and covers two entrances. The biggest system, CA 400, is centrally controlled for up to eight entry points per control unit, can accommodate 2,000 cards and also will print out the exact whereabouts of any of the card holders. More on 0953 225000.

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Graphics Electronic business slides

CONCEPT MARKETING is offering a fast, electronic form of business presentation slide production from its Bourne End, Bucks, offices.

"Via keyboard and screen, finished colour slides are produced rapidly from customers' data and at prices which are often less than those resulting from paper artwork produced in the conventional way."

The equipment used is made by Genographics of New York and is a form of colour computer-aided design system with built-in camera for recording images direct from screen to 35mm film.

Graphics designers have been employed by the company who, after training, are able to apply their skills to a screen rather than paper. The designers work with the customer to translate his ideas into images, ensuring that his company's house style and other criteria are met. If a trial slide is approved, the remaining slides are composed on the same lines.

The slides are stored on floppy discs, and can easily be amended or updated. The system also allows animation by progressive changes from one slide to the next and recording on 35mm movie film.

The standard turn-round time for slides is four days, although a same-day service can be offered subject to surcharge.

Concept, which originally spent £0.25m to set the service up, has recently installed lower cost but more sophisticated Genographics equipment and is now able to offer slides at £25 to £30 each. According to Mick Winton, the managing director, slides made from conventional artwork can easily cost several times as much.

The business presentation slide market is put by Mr Winton at about £100m in the UK alone, of which at least 30 per cent involves sufficient graphics to make his service attractive. More on 06365 29541.

Networking

Ethernet extended

DEVELOPED BY Sension Scientific of Northwich, Cheshire, is digital repeater that will allow an Ethernet local area network to be extended to a total length of 3.5 km by connecting up to six of the repeaters between communicating devices.

Using the Sension repeaters an Ethernet can be constructed covering an area of about 8 sq km, embracing a large complex of buildings.

Also available is a version that will allow extension of an Ethernet by the use of fibre optics. These repeaters give high isolation and noise immunity for distances up to 1 km and the system is particularly useful where high security of data is needed. More on 0606 44321.

Electricity for industry. The vital facts every works director needs to know.

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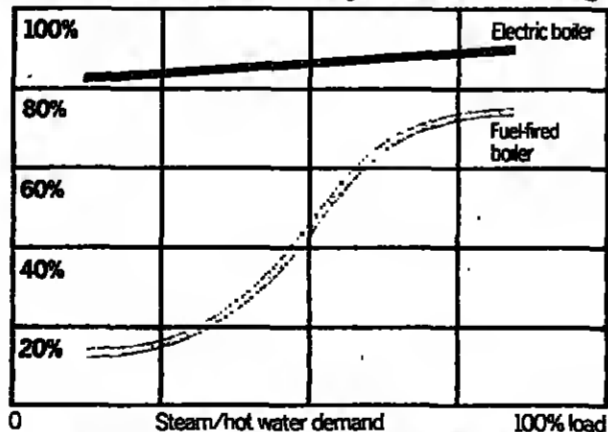
Just take a look at the many ways electricity can help reduce the cost of factory services, for example.

Electricity. Reduced costs.

As the figures show, many companies have found that battery electric trucks are cheaper to run than diesel or LPG. For space and water heating too, there is a wide variety of systems available, that are inexpensive to buy and to run. They are easy to install, simple to control and can often operate on low cost night-rate electricity.

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Efficiency of steam and hot water systems over the load range.



Electricity. Better energy management.

Electrical equipment gives highly efficient energy conversion at the point of use. Operating alone or in tandem with fuel-fired systems, it can often give better overall efficiency and lower operating costs. Electric heat pumps are recycling heat that would otherwise be lost to the atmosphere. One pottery company has cut its energy costs by 45 per cent, and a manufacturer of head-wear has cut drying costs by up to 75 per cent.

If you use large amounts of steam for process heating it may be worthwhile considering combined heat and power (CHP) generation.

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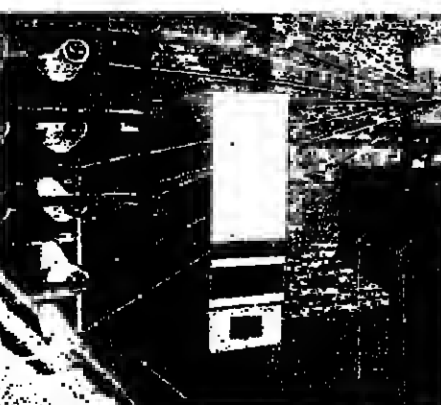
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Left: Electricaire heating by Unidare paid for itself in just three years at A.E. Aspinall Ltd. and improved the working environment.



Right: Henry Watson Potteries Ltd. has reduced energy costs and cut drying times with the installation of an electric heat pump supplied by Westair Ltd.

Handwritten text at the bottom of the page.

Scott Lithgow shipyard to lose 3,000 jobs

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

BRITISH SHIPBUILDERS yesterday announced 800 immediate redundancies at its Scott Lithgow shipyard on the Lower Clyde in West Scotland with a further 2,200 jobs to be lost by March.

As a last resort to save the remaining jobs at the offshore yard, the state-owned company is talking with potential buyers. The yard employs 4,500 people.

The speed of the rundown shocked union delegates at what was regarded as final talks with British Shipbuilders on the fate of Scott Lithgow. The yard has faced near-certain closure after Britoil's cancellation in December of a £88m contract for a semi-submersible drilling rig. The rig was two years behind schedule.

Mr Maurice Phelps, of British Shipbuilders, said that apart from the immediate redundancies, more men would be laid off depending on whether they accepted a three-shift working system to complete the yard's two remaining orders.

Mr Graham Day, British Shipbuilders' chairman, did not use the word closure at yesterday's talks. It was clear he did not want to prejudice the search for a buyer for the ailing shipyard. He told reporters the only future would be if Scott

Lithgow was taken over by a third party. The chairman said: "The only possibility which was discussed was if there should be another organisation which has credibility in the offshore business who perhaps would be able to negotiate with Britoil and quite frankly, profit by the losses of British Shipbuilders."

Talks were under way with a number of companies, he said. He declined to give details, apart from indicating that these could include the big offshore fabrication yards. Mr Jim Murray, chairman of the trade union negotiating committee, said the talks had broken down. "As far as we can see the position, it seems clear that the closure of the Scott Lithgow group is inevitable."

Shipbuilding unions, which have opposed the sale of Scott Lithgow to the private sector, are to discuss the position today in London. Mr Duncan McNeil, the local union secretary at Scott Lithgow, said British Shipbuilders had "run away from its responsibility both financially and morally."

He said mass meetings of the workers would be held later this week and that the unions would not co-operate with management proposals.

Mr Day said British Shipbuilders was very concerned at the social situation resulting from the cuts. About 89 per cent of the Scott Lithgow workers live in a four-mile radius of the shipyard in the towns of Greenock and Port Glasgow. One study has estimated that a further 4,000 jobs would be lost through a closure. It would be the largest industrial blow to Scotland since the closure of the Linwood Talbot car plant in 1980 with more than 4,000 job losses.

Mr Day said: "This is a miserable situation from which none of us can take any satisfaction. In no way are we suggesting that sole responsibility rests primarily with the workforce."

Management, he said, had to take its share of responsibility. Scott Lithgow has been criticised for failing to undertake the necessary changes in managerial and work practices to transfer from a shipyard to a yard with offshore capability.

Mr Day repeated that he was not ready to renegotiate the contract with Britoil. Scott Lithgow had had £260m in the past 10 years and British shipbuilders was not prepared to go to the Government to fund further losses.

EMPHASIS ON TECHNOLOGICAL CHANGE AND COMPETITIVENESS

Tebbit reshapes trade ministry

BY JOHN LLOYD, INDUSTRIAL EDITOR

A RESHAPING of the Department of Trade and Industry into a unified, export-oriented commercial department will be unveiled within the next two weeks.

Mr Norman Tebbit, the Trade and Industry Secretary, will make an ambitious attempt to remould the department, placing the aims of competitiveness, efficiency and technological change at the centre of its work.

The previously separate departments of trade and industry were brought together after the last election following nine years - from 1974 - of separate existence. Mr

Tebbit's concern in the restructuring of the ministry is to unify policy and execution so that "industrial" and "trade" sides work to the same end rather than - as in the past - pull against each other.

The industrial divisions will be given more scope than before to pursue their individual policies beyond the domestic to the international level. Thus, where Government policy is to support a given industry - as, for example, computers - this will be reflected in trade policies directly rather than, as previously, indirectly or not at all. Within the department, this will

mean a greater degree of collaboration between the formerly distant trade and industry officials, and will also mean that the industrial side of the ministry is strengthened vis-à-vis trade.

Part of the reason for the restructuring will be to centralise the sprawling functions of the department, in order to make them more coherent both to the ministerial team and to the departments' clients and "customers" at home and overseas. For example, the plethora of special programmes and grants will be sharply reduced in number to increase accessibility for clients.

Coal board heads for £200m loss

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE NATIONAL Coal Board (NCB) is heading for a loss of about £200m in the present financial year, of which some £15m-£20m is due to the effects of the miners' overtime ban.

A loss had previously been forecast at about £185m, and the final figure depends on the duration of the ban and on productivity trends.

A meeting of the Coal Industry National Consultative Council, which brings together the three mining unions and the board, was told that production this year was

running some 5m tonnes below budget, of which 3.6m tonnes is due to the effects of the ban.

Mr Arthur Scargill, the National Union of Mineworkers' president, angrily accused the board of lying over lost production saying that it had misrepresented the effects of the ban in its press statements.

In a clash with board officials at press briefings after the committee meeting ended, Mr Scargill challenged the figure of 3.6m, saying that the union "had a clear short-hand note" of what was said in the

meeting, and that the loss of production due to the ban amounted to 5.5m tonnes.

However, Mr Robert Dunn, the NCB's director of mining, said that the downward trend in production was evident before the ban started 12 weeks ago. The drop in production below budget reflected success by the board in closing pits more quickly than it had expected.

Productivity had continued to increase throughout the period of the ban until the last few weeks, when it has shown signs of decline.

Venture capital deal opens way for UK floppy disk plant

BY ROBIN REEVES

BRITAIN'S first fully-integrated floppy disk manufacturing plant is to be established at Cwmbran, south Wales, with the aid of a £7m venture capital package involving the Welsh Development Agency (WDA) and major City of London funding.

Parrot Corporation, a new UK company formed by four former senior executives of the U.S. disk manufacturer, Wabush Datatech, plans to produce some 50m disks a year initially and capture at least 5 per cent of the rapidly expanding world market for the product - a standard computer programme storage device used with a wide range of mini, personal and small business computers.

Production is scheduled to begin in a year's time in a specialist plant to be built by the WDA at a cost of some £2.25m. But Parrot will start trading immediately from a WDA factory at Rogerstone, Gwent by processing imported material.

It is doing this to build up sales - the company says it already has orders worth £250,000 - and to provide training facilities for the workforce, which is due to reach 300 after three years and eventually rise to 450.

Mr Alan Sutton, the WDA's in-

vestment director, said he believed that the funding arrangements for the project made it the largest venture capital start-up in Western Europe, as well as an important breakthrough in investment collaboration between the WDA and the private sector.

The WDA is the lead investor with a £1m, or 20 per cent equity stake in the company. The private sector investors are Legal and General Assurance (£700,000), CIN Industrial Investments (£700,000), Commercial Union Insurance (£300,000) and the management team (£300,000), giving Parrot an equity base of £3m.

In addition, the package includes a £2m loan to buy plant and machinery which will be raised from either a UK or U.S. bank, or the European Coal and Steel Community. Regional Development grants and Welsh Office selective financial assistance make up the remainder of the £7m package.

Parrot calculates that present world floppy disk capacity is about 285m units a year against a demand of 350m units and an annual growth rate of 30 per cent compound. It plans to export some 60 per cent of the Welsh plant's output.

Heath leads attack on Tory rates Bill

BY IVOR OWEN

BY SEEKING draconian powers to limit the right of local authorities to increase their rates (property taxes), the Government was striking at the roots of the Conservative Party's philosophy and its commitment to freedom. Mr Edward Heath, the former Prime Minister, said in the House of Commons last night.

In an onslaught on the Rates Bill he recalled that the revival in the party's fortunes after the Second World War was marked by Sir Winston Churchill's forceful presentation of the campaign theme "set the people free."

To cheers from the Labour Opposition benches and to the clear embarrassment of ministers and their supporters, Mr Heath insisted "it was not the theme that we should set the people free to do what we told them."

Another former Tory Cabinet minister Mr Geoffrey Rippon, also fiercely denounced the Bill and, going further than his former leader, who contented himself with a call for its withdrawal, indicated that he would vote against it.

Optimistic Labour MPs enthused over the prospect of a significant Conservative revolt at the end of the debate, but the composure of other senior Tories reflected their confidence that the Bill was in no danger of defeat when the vote was taken late last night.

Mr Heath urged the Government to withdraw the Bill, pending the outcome of an inquiry into the relationship between the functions and finances of local government.

To the consternation of Conservative MPs he suggested that the ending of agricultural de-rating should be amongst the issues examined. "I do not want to see present Bill carried through," he said.

Mr Heath encountered some sniping comments from Government loyalists on the back benches around him, when he argued that limiting the power of local authorities to levy rates would alter the balance of power between central government and local government in favour of Whitehall.



Edward Heath: warning

He brushed aside earlier comments by Mrs Margaret Thatcher, the Prime Minister, underlining the fact that the Bill would still leave local authorities with considerable powers to levy rates - but not unlimited powers. Mr Heath reminded Government supporters that it had also been one of the Conservative Party's themes under Winston Churchill's leadership that local government should be local.

He maintained that, if it was accepted that local councilors knew best the services required in their areas, it followed that they should also be allowed to raise the resources needed to operate them.

It was not possible, he said, to say that local authorities knew best, and then insist that a minister should tell them how to exercise their judgment.

Mr Heath also refused to accept the Prime Minister's view that, because the House of Commons was responsible for national taxation, it should also have responsibility for the taxation which local authorities levied through rates. He protested: "The logical conclusion of that is that local government finance should be taken over by central government." The debate continued.

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UK NEWS

The BAe-146 has stolen a march in California, Lynton McLain writes How British Aerospace won the West

CALIFORNIA is the fiercest battleground in the world for civil aviation, and local airlines are about to face competition from a small British airliner designed largely for low-density routes in the Third World.

At least 12 airlines fight for customers on the busiest routes between Los Angeles and San Francisco, whereas two competitors is often the norm on similar routes in the UK.

So competitive is the California market that free holidays and ocean cruises are offered to regular travellers in the battle for passengers.

The British Aerospace 146 appears tailor-made to the surprise of its designers, for the California market, and has stolen a march on Boeing and McDonnell Douglas, giants in the world of civil aviation, right on their own doorstep.

Neither of the U.S. makers has an aircraft to compete with the 100-seat 146. McDonnell Douglas cancelled its possible competitor, the M-80, last year.

The four-engine airliner was designed with low operating costs, low noise and engineering simplicity to appeal mainly to countries without highly developed airports, where low take-off volumes could not justify elaborate ground facilities.

California could not be more different. It has one of the wealthiest markets in the world. Flying is a daily routine and airports are elaborate and well-developed.

The 146 was conceived by Hawker Siddeley Aviation in the late 1960s, before rocketing fuel prices, noise sensitivity and airline deregulation changed the face of civil aviation, especially in the U.S. and most intensely, on the West Coast.

Few senior managers at Hawker Siddeley, later nationalised with BAC and now the British Aerospace public company, seriously expected to sell one, let alone 20 of the 146 airliners to the market leader in California's bitterly-contested domestic air routes.

'Breakthrough'

Yet this is what BAe has achieved in less than six months with its \$300m (£214m) order, signed in November, from PSA, parent corporation of Pacific Southwest Airlines. The first of the 20 BAe 146 airliners for PSA will be delivered in May, the start of the largest UK civil aircraft order for 20 years.

British Aerospace managers were not embarrassed in admitting to PSA directors in their San Diego headquarters last week that BAe five years ago did not see PSA as a potential customer, as the 146 was designed originally for the Third World.

"The concept of the 146 was not quite geared to the California market, but this PSA order is an absolute breakthrough," BAe said.

Mr George Shortley, senior

vice-president, finance, and chief financial officer, and the man buying the 146, would like fuel prices to rise by 50 per cent, from the \$1.02 average cost per U.S. gallon in 1982 to \$1.50.

He believes this would force PSA's competitors not operating the 146, but with older airliners, to cut capacity.

BAe's success also stems from the sharp change in the airline market in the U.S. and especially California, over the past year, even though the Airline Deregulation Act was passed in 1978.

The 146 has suddenly become the best solution to a host of environmental, fuel efficiency and marketing problems faced by many airlines in California.

Intense competition has long been a feature of the California skies. The total available airline seats between Los Angeles and San Francisco rose by over 40 per cent in September compared with last spring. The seven carriers on the route in the spring were joined by at least four more by the autumn.

PSA, the largest operator in terms of available seats, responded vigorously, increasing service between the two cities from 40 to 70 return flights a day.

In the air corridor, taking in three San Francisco Bay area airports and five Los Angeles metropolitan area airports, over one-third of all flights are by PSA.

But the cost has been high. Each of the 7m passengers

carried by the airline in 1982 throughout California was flown at a loss of \$1, giving a total operating loss of just over \$7.1m.

The PSA decision to buy the 146 started, ironically for Boeing, with a study of the Boeing 737 twinjet. "We failed to convince ourselves that we needed the 737," said Mr Paul Barkley, PSA's president and chief operating officer.

"For the first time in our corporate history, we thought maybe we wanted a smaller, not a larger, aircraft."

Lower costs

This would result in lower trip costs, but with a possible penalty in seat-mile costs. The BAe 146 has the least penalty in seat-mile costs, which, at 7.5 cents per seat mile, were the same as PSA's fleet of McDonnell Douglas Super 80 jets.

This compares with the airline's average of 8.04 cents per seat-mile in the nine months to September 30.

PSA now operates 24 Super 80 airliners, eight Boeing 727s and four DC-9-30s. Two more Super 80s will be delivered by the end of this year when all the airline's 727s will have been phased out and the 146 phased in.

Eventually, the airline will have only Super 80s and 146s. The latter could outnumber the former. PSA exercises its option to take 25 BAe airliners on top of the 20 ordered so far

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Gold predicted to lose its glister in 1984

BY PHILIP STEPHENS

GOLD investors can expect a lacklustre year in 1984, according to the City of London stockbroker Phillips & Drew. The firm predicts that the average bullion price will rise only slightly to about \$430 an ounce, compared with last year's \$425.

In its yearly analysis of the gold market, the broker forecasts that the price could dip below \$350 in the spring before consolidating around the mid-\$400s in the summer and rising to about \$500 to an end-year spur.

A significant increase in supply during 1984, mainly from new Western mining capacity, will do much to offset increased demand from the jewellery trade and from manufacturing, limiting the scope for sharper gains in the gold price.

Phillips & Drew says that net investment demand for gold is likely to be hit by official bullion sales by Latin American debitors, particularly Argentina and Venezuela, and by smaller purchases by Iran.

Overall supply is put at 1,525

tonnes, with 1,125 tonnes coming from Western mines, 275 tonnes from scrap and 125 tonnes from the Soviet Union.

The Broker admits that it is notoriously difficult to predict Soviet bullion sales, but says there are grounds to expect a modest increase in the estimated 100 tonnes sold in 1983.

On the demand side, purchases by the jewellery trade are expected to rise to 825 tonnes and manufacturing is forecast to absorb 250 tonnes.

Coins will account for a further 175 tonnes and net investment 275 tonnes, giving rough balance in the market.

For speculators, one of the most bullish factors is the expectation that the U.S. presidential elections will throw up "financial excesses", the broker says. Economic pump priming by the Reagan Administration would increase the chances of inflation getting out of control and would thus boost gold.

BBC microcomputer in \$174,000 U.S. order

BY RAYMOND SNOODY

THE BBC Microcomputer has won its largest single order so far in the U.S., worth \$174,000. A secondary school in Phoenix, Arizona has ordered 170 of the machines, which are manufactured by Acorn. The order was won in a public bid against Apple and Atari.

The deal comes amid growing signs that the BBC is likely to renew its contract with Acorn to provide the BBC Micro, if satisfactory financial terms can be agreed.

Acorn's three-year contract with the BBC ends in August, but a decision on its renewal will probably have to be taken within the next two months.

Sir Clive Sinclair has argued to BBC Enterprises that a Sinclair machine should be considered, and other microcomputer manufacturers have expressed an interest.

No final decision has been taken and BBC Enterprises are still talking to a number of companies, but there would be serious practical difficulties if the contract with Acorn was not renewed.

The main one is that nearly 250,000 have been sold - including 14,500 overseas. The software for the computer is incompatible with most other machines.

By the end of this financial year BBC Enterprises will have earned nearly £6m in royalties.

There is also an argument in the BBC that the initial contract was allocated by tender, and Acorn should not now be penalised for its subsequent success.

The BBC move into computers and computer education has earned considerable sums for the Corporation.

The first series of "The Computer Programme" has been sold to 27 countries for both educational and broadcasting use. The countries have included the U.S. and Japan, Jordan and India. The second series, "Making the Most of the Micro," has already been bought by 15 countries.

Whitehall studies merger code

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

NEW GUIDELINES for determining which mergers should be investigated by the Monopolies and Mergers Commission have been drawn up by Whitehall officials in an attempt to end some of the present confusion surrounding the Government's merger policy.

The guidelines are due to be discussed shortly by a Cabinet committee before being made public.

An internal review of merger policy is understood to have recommended that a shift in emphasis be made to ensure that in general only those mergers which have a significant adverse effect on competition should be investigated.

At present the Trade Secretary has considerable discretion in deciding which mergers should be investigated, and critics have argued that this leads to uncertainty.

However, the review is understood to have also made clear that the Government should be able to refer certain mergers in exceptional circumstances where competition issues are not important. Takeovers by foreign companies could come within this category.

The review is also understood to have recommended that the financial threshold for determining which mergers may be investigated should be raised. At present bids of

£15m or more may be investigated; the review is believed to have suggested a minimum of between £25m and £30m.

In addition, the new guidelines will include tightening the rules concerning confidential advice given to companies before a merger is announced, as well as recommending that the Trade Secretary should give more explanations for merger decisions.

The review is unlikely to be published in its present form but, if accepted by other departments, the guidelines will probably be revealed in a speech by a senior minister from the Trade Department.

PA share claims by 150 'heirs'

By Alan Pike

THE PRESS ASSOCIATION (PA), the British national news agency is writing to 150 people who believe that they may hold valuable shares in the agency and asking them to establish their claim.

Some of the people believe that they have the entitlement to shareholdings which could be worth £1m or more. This is because the Press Association holds 41 per cent of the shares of Reuters, the international news agency and financial information service, which is likely to be publicly floated later this year. Reuters is expected to have a market value of £1bn or more.

About 1,800 Press Association shares - or 2 per cent - have no known present-day owners (the agency has not paid dividends). News of the missing shareholders, and the impending Reuters flotation, has encouraged a rash of inquiries from people who believe they are the heirs of the original Press Association shareholders.

Some of the approaches to the Press Association appear to be based on no stronger evidence than that the people concerned once had relatives in the press.

Mr Jack Purtham, the agency's financial controller, said these applicants would be asked for evidence to support their claims. Mr Robert Fawcett, the agency's solicitor, has been appointed untraced shares trustee.

Air fare discounts under scrutiny

BY ARTHUR SANDLES

AIRLINES and air travellers are being asked whether they think the wide range of rates for different users should be stopped, or broadened.

The Civil Aviation Authority (CAA), which authorises fares for airlines both domestic and foreign which use UK airports, is seeking evidence before deciding its policy for the next few years.

At the moment the CAA takes a discouraging view of what are known as discriminatory air fares. These fares give special low rates to particular groups - the elderly, the young or some professions, for example.

The most extreme example is that of seamen, who pay considerably reduced fares to join their ships. "It could be argued that shipping companies benefit compared with other users to the extent of tens of millions of pounds by fares available only to seamen," the CAA says.

The authority is under considerable pressure from consumer bodies to keep all fares even and free from unpublished discounts. Airlines are keen to offer discounts, but these are seen to fill seats which would otherwise be empty. A mid-week granny fare in the off-season is an example of the latter.

"One of the main arguments for the present policy is that it stops the further proliferation of fares which are denied to the general

public," says the CAA. "It also helps to save passengers who pay the full fare from paying higher fares to offset the cost of further concessions."

The CAA's position is further complicated by a general mood of deregulation within the UK Government, which would mean leaving the airlines to make up their own minds about fare levels; and by the complexities of relationships with other government agencies, ranging from the relatively easy-going Americans to the strict controls of France and Scandinavia.

The airline industry might argue that discriminatory fares are a way of promoting traffic which might otherwise not be there. The CAA has suggested in the past that the business traveller suffers because full rate fares have to be increased in order to maintain profitability.

Comments on the present policy are invited by the CAA "either to endorse it or to suggest changes, with a rationale to accompany any proposed changes." Views are sought by the end of next month and those not marked "confidential" will be open for public viewing.

The authority has agreed to a request from Scotland's Air Ecosse to be freed from restrictions on its competition with British Airways on the Aberdeen-Glasgow route.

At the moment Air Ecosse is restricted to 15 seats daily. British Airways objected to more seats being offered, but the Scottish Consumer Council backed the Air Ecosse plea for greater freedom.

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UK NEWS

British and Dutch joint gas pipeline considered

BY WALTER ELLIS IN AMSTERDAM AND IAN HARGREAVES IN LONDON

INFORMAL TALKS have started between the British and Dutch Governments about the possibility of building a gas pipeline between the two countries.

The idea, still at an early stage, would be to provide a two-way channel for gas to flow between the two countries. If that were to happen, it would require a reversal of British Government policy, which prevents the export of natural gas from the UK continental shelf.

The talks have been confined so far to informal exchanges between ministers. Gasunie, the Dutch gas utility, said it had been instructed to present preliminary ideas to the country's Economics Ministry.

The move follows the recent and far-reaching decision of the Dutch Government to permit Gasunie to extend existing gas export contracts and to seek new ones.

Previously, government policy had been to conserve dwindling gas reserves. But a recent revision of the official reserve estimates has been a factor in a switch of opinion. According to this latest survey, the Netherlands will be able to continue

to extract gas at the current rate until the year 2055.

The Government of Mr Ruud Lubbers sees additional gas exports as an important contribution to its overall economic strategy.

Last year, Dutch natural gas sales increased by 4 per cent to 73.9bn cubic metres, reversing the downward trend of the two previous years. Sales to France rose by 30 per cent to 7.4bn cu m and to West Germany by 2 per cent (16.8bn cu m). The UK, however, would represent a large untapped market.

The UK considered an import pipeline from the Netherlands in the mid-1960s before discovering large reserves of gas in its own sector of the North Sea.

Because of falling domestic gas production, British Gas has been forced to buy increasing quantities of gas from Norway and it is negotiating at record prices to secure supplies from the Norwegian Steipen field.

Dutch supplies might prove cheaper, and if a pipeline were in place it would improve the British bargaining position.

There is also growing interest on

the British side in exporting gas, which has never been permitted in the past on political grounds.

The possibility of direct connection to an important Western European market, some gas producers argue, would provide incentives for gasfield development in the UK sector of the North Sea.

Shell has awarded a contract worth about £15m to Saipem of Italy for laying a 180-mile gas pipeline from the Fulmar gasfield in the North Sea to St Fergus, near Peterhead, Scotland.

Work will start in the spring and the pipeline should be commissioned by 1986. It is part of a £315m project to harness gas and gas liquids from a peak oil output of 180,000 barrels a day from the Fulmar field.

Shell's intention is that the facility should also, towards the end of the decade, transport gas from the Clyde field.

A £15m contract for the steel for the pipeline was awarded to the British Steel Corporation in advance of the Government's final approval for the project, which was given last August.

U.S. tops overseas list for job seekers

By Michael Dixon

OVERSEAS JOBS with big U.S. companies top the popularity league for people wishing to leave Britain to work abroad, says a survey published by the Overseas Recruitment Services (ORS) group.

Foreign postings with big British concerns are less favoured.

"I surmise that applicants believe that American companies may pay better salaries," Mr Tony Reeves, the group's managing director said.

But postings with the British companies were far more popular than the 688 applicants questioned - to work in a joint-venture company set up by a Western concern and a local organisation.

When asked which countries they would most like and also least like to work in, the 688 people revealed sharply split views on Saudi Arabia. Enough favoured it to put it at the top of the most-preferred league, but the number disliking it was sufficient to make it the least-liked country as well.

Second place in the most-preferred league went to "any other Middle East country," with North America third, the Far East fourth and EEC nations fifth.

African countries including South Africa and Libya were only a little less disliked than Saudi Arabia. Argentina, which was the most unpopular country in the ORS group's 1982 survey, improved to seventh place in the least-liked league, being rated only slightly more unpopular than the EEC countries.

The latest survey also shows that applicants now tend to look on overseas work as a career in itself, whereas previously they largely regarded a job abroad as a short-term measure to broaden their experience before returning.

LEGAL CHALLENGE OVER DOMICILE OF WEALTHY FINANCIER

Clore tax burden hinges on court ruling

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MAJOR ADVANCES will be made in the next few months in the complex litigation that has bedevilled the estate of the late Sir Charles Clore, the wealthy UK entrepreneur, since his death in 1979.

The High Court in London and the Royal Court in Jersey will each be asked to decide whether Sir Charles died domiciled in England or Monaco.

Resolution of this point will determine how much tax the Inland Revenue will be able to claim from the estate. If Sir Charles was domiciled in the UK the whole of his worldwide estate - at present estimated at £100m - would be subject to, and largely swallowed up by, UK tax.

A foreign domicile ruling would mean that only the English assets were taxable. The Jersey hearing is expected in May; that in the High Court later in the year.

Sir Charles was chairman of British Shoe Corporation and a director of a number of leading British industrial and commercial companies.

Also in May the High Court will be asked to rule on the claim by the Official Solicitor, the court-appointed administrator of the Clore English estate, to the proceeds of sale of the Guy's Estate in Herefordshire, Sir Charles' largest English asset.

This estate was sold shortly after Sir Charles' death for £20.5m. The money was transferred to Jersey on the instructions of Stype Investments (Jersey), which had held the estate for Sir Charles. With interest, the sale

proceeds are now worth about £35m.

A fourth action, also being instigated by the Official Solicitor, will be tried in April. That is a dispute over the Official Solicitor's claim that he is entitled to a minimum of 25m interest on the £5m proceeds of sale of the Stype Estate in Wiltshire. That estate was sold in 1979 and Stype Investments (Jersey) has already been ordered by the court to hand over the £5m and £372,000 interest to the Official Solicitor.

Preceding all those hearings will be a claim by the Official Solicitor for a declaration that he is entitled to a large number of documents held by London solicitors Titmuss, Sainer & Webb, who acted for Sir Charles for 40 years. The Official Solicitor contends that he needs the docu-

ments for his actions in England and Jersey.

Some papers relate to Clore foreign assets, some to litigation by Sir Charles' executors in Jersey, and others to advice given to the executors concerning the Guy's Estate.

This year's round of litigation will not finally resolve the estate's problems. Each case is likely to go on to the appeal courts and, as regards the domicile issue, could create a further legal and constitutional problem.

The final forum for the English domicile cases will be the House of Lords; that for the Jersey case will be the Privy Council. The Law Lords sit in both forums and could reach conflicting decisions as a result of the issue being governed by the jurisdiction of both the English and Jersey courts.

Defects found in power station tanks

Financial Times Reporter

DEFECTS have been found in nearly 40 metal tanks ordered for the storage of dangerous chemicals and gases at power stations in southern England.

Some of the tanks are being returned by the Central Electricity Generating Board (CEGB) to contractors. Others have been accepted for use on a temporary basis until repairs can be carried out.

They are part of a consignment of 100 tanks delivered to English power stations and manufactured by the Suffolk firm of Cookson and Zinn. The rest have been found to be satisfactory.

Cookson and Zinn said yesterday it was investigating the defects. It had accepted responsibility for some repairs and was likely to do so for others when investigations were complete.

Disclosure of the defects has come after information obtained by the Friends of the Earth environmental group. It is intending to mount a challenge, at the public inquiry into the proposed Sizewell B nuclear reactor in Suffolk, over the CEGB's safety assurance procedures.

Iveco looks to 23% rise in UK sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE BRITISH subsidiary of Iveco, Fiat's commercial vehicle offshoot, expects to boost its sales by more than 23 per cent this year to about 3,500 vehicles.

This follows a 23.5 per cent jump in Iveco's registrations last year to 2,828 from 2,302 in 1982.

Early in 1983 Iveco predicted its vehicle sales for the year would be 3,500. However, Mr Alan Fox, chief executive of Iveco (UK), said yesterday that the shortfall should not damage the group's financial expectations.

"Indications are that our financial operating profit for the year (1983) will be somewhat better than the £2m forecast early in October," he said. Iveco (UK) made an operating loss of £1m in 1982 and a loss of £8.5m the previous year.

Mr Fox forecast that the UK market for trucks of 3.5 tonnes gross and above would further improve in 1984 by about 10 per cent, from 50,000 to 55,000 units.

If that prediction is right, Iveco would push its market share, which was up from 4.7 to 5.2 per cent in 1983, to about 6 per cent this year.

Mr Fox, speaking during the run-

up to the Geneva commercial vehicle show, said that Iveco's new company in Switzerland had achieved a 10 per cent market share in only 18 months trading.

This year will be one of "consolidation" for BMW in the UK after four years of spectacular sales growth. BMW (GB)'s new managing director, Mr Paul Layzell, has said.

Sales of the West German-built cars through its wholly owned UK subsidiary last year were 25,178 - an increase of 86 per cent on the 13,541 sold in 1980, the year in which BMW took over the UK operation from previous distributors Tozer, Kemsley and Millbourn.

Mr Layzell said the consolidation period could last for two to three years, in part because of supply constraints, but also to allow the UK distribution and dealer infrastructure to be strengthened in view of the higher sales volumes already achieved.

The sales forecast this year is 26,500 cars, although the UK car market overall is expected to fall sharply from a record 1.79m units.

GEC wins £1m order for Prestel computers

BY JASON CRISP

PRESTEL, British Telecom's loss-making public viewdata service, has ordered new computers from GEC to replace the existing machines which were installed in 1976.

The order, thought to be worth about £1m, is an indication that British Telecom (BT) intends to persevere with the service. BT has invested about £50m in Prestel and it is required to break even in the next financial year, beginning in April.

GEC Computers won the order in competition with Sperry, the U.S. computer group. IBM was also a competitor, but was not involved in the final tenders. GEC, which provided the computers at present used by the Prestel service, has now sold nearly £20m of viewdata equipment worldwide, including or-

ders of £10m last year from Austria and Malaysia.

The new computers are claimed to be more economic and offer more efficient billing systems. In addition, more people can use the computers at one time and they can be linked to more private viewdata services. Users will be offered a number of new facilities, including key-word searching.

There are now 37,000 Prestel terminals - compared with 23,000 a year ago - of which 11,000 are residential. The number of home users has increased sharply in the last year. Chief reason for this has been the launch of Micronet 800, for personal computer owners, and Home-link, started by the Nottingham Building Society for its customers.

BP pays £700,000 for oil chief's holiday isle

BY DOMINIC LAWSON

MR ALGY CLUFF, the millionaire founder chairman of Cluff Oil, has sold Furzey Island in Poole Harbour, Dorset, to British Petroleum (BP) for about £700,000.

BP's interest in the 31-acre island is not for its natural beauty or its thriving colony of red squirrels. The island lies above the geological structure containing the Wytch Farm oilfield, the UK's biggest on-shore discovery.

When British Gas Corporation finally hands over its £180m half share in the field to the Dorset Group, BP will become the field's operator.

The oil group is thought to be planning a system of deviated drilling from the island to discover the full extent of the Wytch Farm field. Mr Cluff, who bought the island

in 1980 for £500,000 as a holiday retreat, said he rarely found the time to visit it.

"I have retained the right to occupy a house on the island and I hope at some time in the future to buy the island back from BP."

A deal was instigated by BP who approached Mr Cluff in November last year. Mr Cluff conceded that the prospect of an oilwell being drilled outside his front door was not enticing, but he added: "The fact that I am retaining occupation rights shows that I am confident that there will be no great disruption."

Three other islands are close by. Two are too small for BP's requirements while the other, Brownsea, is owned by the National Trust.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE recent spate of acquisitions and other deals among the City of London's financial institutions must have come as something of a relief to those who have been wondering whether a predicted breakdown of traditional boundaries in the financial services sector would become a reality. Certainly, the protracted battle for control of Eagle Star Insurance, the rash of takeovers of stock jobbers and purchase of strategic stakes in stockbroking firms suggest the prophecy is at last coming true.

Pitfalls of converging financial services

BY PAUL ALLEN, JOEL BLEEKE AND ALAN MORGAN

Acquisitions, which can secure market position and experienced management, seem to hold the key in what clearly is the first stage in a fundamental restructuring of financial markets. Yet, while no participant, whether existing or potential, can afford to sit idly on the sidelines, the idea that acquisitions are the answer to everything may well be misguided.

Acquisitions are often the least manageable, the most culturally traumatic and can be the most expensive of several options for competing in the new industry environment.

The temptation to acquire other financial institutions is understandable. Prices being paid, for example, for brokers, are low in absolute terms relative to some of the acquirers' "war chests" (resources set aside for takeovers)—although little allowance may have been made for the management time needed to integrate the acquired company. Many companies believe the only way to compete is to be broadly based, serving all customers with all products, and that acquisition may be the appropriate way to achieve this objective. Equally, managements may fear that all the potential candidates may be picked off by the earliest acquirers, leaving nothing for the hesitant. And the Bank of England may be perceived as encouraging domestic institutions to forestall foreign domination of UK financial services by swift acquisition.

But whether a company decides to become involved in the first wave of acquisitions should depend on what competitive role it sees itself as playing in the changing industry structure that follows consolidation or increased competition.

In a regulated or cartelised industry, most firms compete over a fairly narrow range of prices and services. Prices are usually set fairly high and competitors try to differentiate themselves by higher levels and quality of service. Once competition increases, however, firms begin to compete across a broad range of price-service combinations, so that the fundamental economics of the industry change.

There are three basic roles for successful participants: (1) broad-based competitors; (2) low-cost producers; and (3) speciality firms. Each role requires different competitive and organisational strengths, and acquiring an existing competitor may be more appropriate for some than for others.

Broad-based competitors. McKinsey work on de-regulation in five industries in the U.S. shows that there has been room for very few broad-based competitors when markets converge. What happened in the U.S. after price deregulation in the brokerage industry in May 1975 differs in several respects from what is happening in the UK (the movement from single to dual capacity is uncertain in the UK, and the geographical spread of firms is obviously narrower). Nonetheless, the concentration of markets and competitors that occurred in the U.S. can be expected to be repeated in the UK, from 1975-1978 the top 25 U.S. brokerage firms increased their market share from 48 to 71 per cent of total industry revenue; and subsequently the top 10 firms rapidly gained market share at the expense of the other 15. Successful broad-based brokerage competitors in the UK will be those which:

- Build marketing capabilities. The primary goal of a broad-based firm must be to refocus its attention on the market place to build a national franchise through effective sales force management, product innovation, development of brand franchises and image advertising. Competitors in regulated or cartelised markets seldom have the relevant skills.
- Develop state-of-the-art information systems. Without well-developed information on product and customer costs, firms will be unable to bring their product/service prices into line with costs or to begin charging realistic fees for services that used to be provided at no additional charge.
- Obtain operations and sales economies of scale. To ensure that price discounts do not capture excessive share, higher marketing costs must be offset by efficient back office operations.
- Low-cost producers. Most of these will be newcomers since the structural costs that tend to build up in any company cannot be eliminated overnight. These producers will be characterised by:
 - Narrow, simple product lines, requiring minimal service, targeted at a price-sensitive, commodity segment of the market. Low-cost entrants can come in at substantially reduced prices, sometimes 40 or 50 per cent lower than the prevailing levels, because they do not have to worry about cannibalising the profitability of existing customers.
 - Modification of the distribution system. As an example, money market funds in the U.S. have dispensed with the costly branch network of U.S. banks by delivering their products by mail and telephone.
 - Line (rather than staff) emphasis, with low personnel costs. A preoccupation with cost control will prevent the growth of large planning or marketing departments, keep internal systems (except for cost monitoring) to a minimum and ensure that organisational structures are simple.
- Speciality firms. When an

industry is restructured many broad-based companies are forced to retrench to their more attractive and less cost-sensitive product and customer market segments. Successful speciality firms will be characterised by:

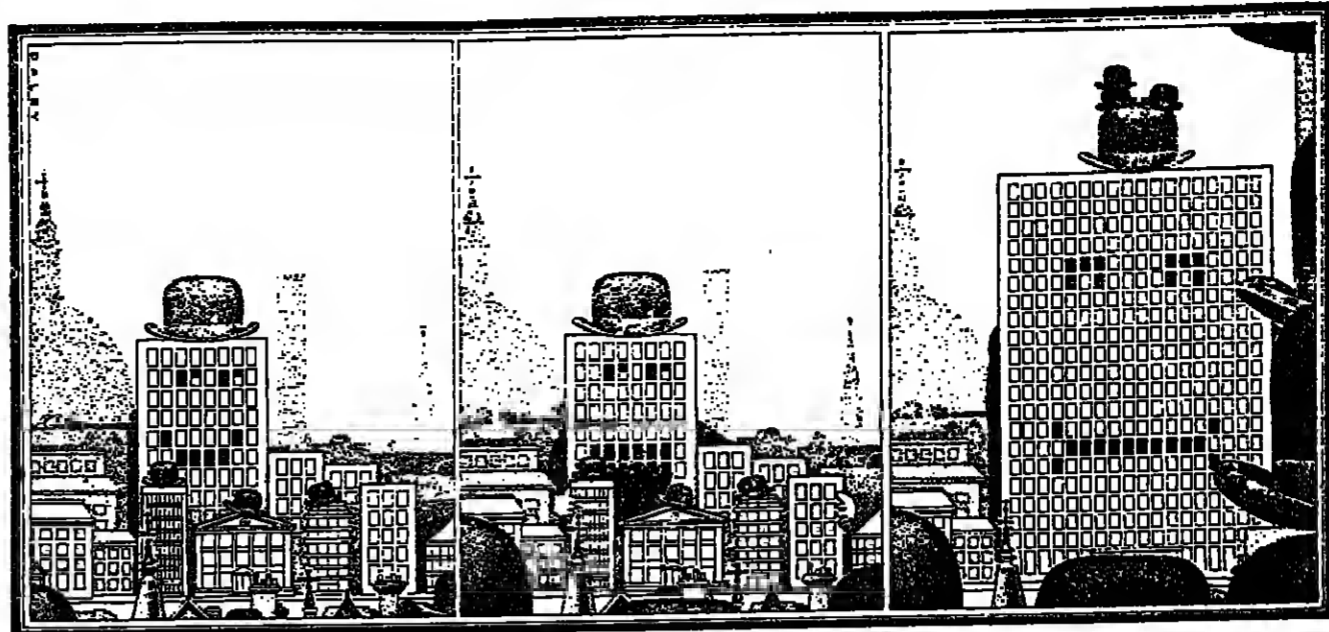
- Skilful segmentation. Marketeers in speciality firms must segment the market cleverly and develop the right products for each segment. Information advertising, as opposed to image or price advertising, is then critical to communicate the firm's new market positioning to existing and potential customers.
- Concentration on non-commission-based services. Following the deregulation of brokerage in the U.S., the percentage of total brokerage firm income deriving from commissions dropped sharply.

As financial markets converge and the structure

changes, however, skills that were crucial in the old order become largely irrelevant. Suddenly, superior marketing and operational skills are the keys to survival and success. The skills of long-term employees become outdated and new talent has to be brought in or trained. Organisational structure and systems also have to be changed.

Once a suitable role has been chosen for the new environment, it is still important to decide whether acquisition is the right means for adopting that role.

Understanding changing industry dynamics becomes crucial to evaluating an acquisition strategy as well as assessing candidates. Structural changes can radically alter the economic profile of an industry, making a candidate less attractive than it looks at first sight. The pre-



Management abstracts

Employee performance and participation in budget-setting. J. F. Goertner and K. Milani in *Cost and Management (Canada)*, July/Aug 83. Considers part research into the relationship between employee participation in budgets, reports on a recent study in a heavy equipment plant which reveals evidence that participation by foremen in budget-setting did improve their role perception, and some evidence also improved.

The re-emergence of industry pay differentials. G. S. Crystal in *Compensation Review (U.S.)*, No 3/83.

Points out that the recession has led to a growth in salary differentials between successful and failing industries (as well as differentials between companies in the same industry); suggests that conglomerates with a mixed portfolio of companies will allow market forces to determine salary levels, and forget traditional considerations of internal equity.

Increasing shareholder value. D. R. Kullberg in *Directors & Boards (U.S.)*, Summer 1983.

Contents that more profitable use can be made of traditional accounting information, particularly for financial planning, and examines the elements involved in allocating resources to business strategies. Describes a mathematical approach — to determining capital productivity and assessing value creation, and presents a two-dimensional comparison of values in the divisions of a multiple-business company.

Extending product lifetime. M. F. Box in *European Journal of Marketing (UK)*, Vol 17 No 4.

Points to the major savings in raw materials and energy which could be achieved if the life of consumer durables could be extended; quotes a Dutch study to show that these products tend to be discarded before the end of their technical life and that their time in use could be stretched.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the originals may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

miums being paid for stock brokers, for example, appear to reflect the cyclical peak of earnings in 1982 deriving from existing industry economics, as shown in the table.

During restructuring, however:

- Excess capacity is introduced as new firms enter the industry and established firms expand into new markets.
- Price competition in the formerly most attractive segments becomes severe. In U.S. brokerage, commission rates for the previously most profitable institutional customers fell on average by 30 per cent in the year after price deregulation, while commission rates for consumers fell by an average of only 4 per cent. By 1981 rates had fallen by 67 per cent and 33 per cent respectively.
- The range of profitability among firms broadens dramatically largely because weak performers become weaker rather than because successful firms earn greater returns.
- Infusions of capital and management time are needed to transform skills, distribution methods and marketing approach of acquired companies to match the market's needs. Such resources may, however, be unavailable, given the need for resources for similar restructuring in the acquirers' core businesses.

Acquisition is not the only way to enter the market as a low-cost producer. Alternatives are:

- Strip the existing expertise and systems out of acquired companies and discard obsolete business elements;
- Buy individuals from existing competitors and build the distribution system from scratch;

For institutions watching from outside the market the third phase may be the best time to buy. By that time most shareholders have become more realistic. The authors are associates with McKinsey and Co. Inc, international management consultants.

Acquirer	Target % stake purchased	APPROXIMATE PREMIUM*		Price/earnings	
		Approximate price £ millions	Price/book	1982	Average 1979-82
Security Pacific	Hoare Govett 29.7%	28	2.5	10.5	21.0
Citicorp	Victorias da Costa 29.9 U.K. 30.0 overseas	20	3.5	9.0	15.5**
Mercury Securities	Akroyd & Smithers 29.9	41	1.7	10.8	17.0
BAT	Eagle Star 100.0	970	0.9	28.0	26.5
N.M. Rothschild	Smith Brothers 29.9	6.5	1.4	5.0	11.0
Charter & Connd.	Rowe & Pitman 29.9	16			

* Based on nominal earnings ** 1980-83 as reported by Financial Times and The Guardian Nov 1983

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THE ARTS

Television/Christopher Dunkley

A magnificent start to the year

Although we have not yet completed three weeks of it, 1984 is already proving to be a better year for television than 1983.

Even taking that into account, however, we already have enough evidence to declare this a season of abnormally high quality.

The season began, you may remember, with The Far Postions on Channel 4, a six-hour blockbuster about adventure in the days of Empire.

Any feeling that it nevertheless reinforced old fears about commercial television's using ITV and C4 for a two-pronged attack on the ratings while ignoring higher ideals was promptly banished by the appearance of The Jewel in The Crown on ITV.

The BBC's drama offerings all came later. Each is of a type which is now very familiar to us and none looks likely to match ITV's in scope or impact.

My only reservation so far concerns the habitual use by director Jim O'Brien of flashback to follow events which have already been described, as with the attack on the teacher.



James Fox as George Orwell in "The Road to 1984"

incredibly as the medic with a social conscience tracked down the epidemic in the poor Welsh community to tainted water supplies hindered all the while by a pre-NHS doctor in the pay of the coal barons.

Wednesday brings Strangers and Brothers, Julian Bond's dramatisation of C. P. Snow's cycle of novels. There was nothing particularly outstanding about Episode 1 - the usual steam trains, cloche hats, Fair Isle pullovers, old motor cars and period locations which directors of Hovis commercials and BBC drama can now prepare in their sleep presumably.

Thursday brings Diana, another of R. F. Deiderfeld's entertaining sets of variations on the English class structure, with all the stereotypes nicely bulked out: poor but honest bright boy (in a Fair Isle pullover, naturally), horny young girl of the manor, her snooty mother with money but no family name, the eccentric bookshop owner who urges on the bright boy etc. "The Skin Game" writ long, it is all beautifully produced (cloche hats, period motor cars) and awfully like the BBC's last 100 episodes of the same sort of thing.

Friday brings A Family Man and a revolution: Fair Isle pullovers and a period motorcycle! To be fair, this three-part serial looks like the most interesting of the lot, perhaps because Ted Walker wrote it specifically for television. At least he gives us some contemporary life in addition to the cloche hat flashbacks.

The next of the new year's major strands has been Orwelliana, and the general quality has been high. Arena's five-part documentary was a model of its

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Sheila Ruskin and Shaughan Seymour in "Strangers and Brothers"

sort, and tomorrow night's Channel 4 drama by Willis Hall, The Road to 1984, is a superb piece of work. If you had to choose just one Orwell programme for a time capsule this would surely be it. Not only does James Fox seem absolutely right as the complex, idealistic, paternalistic, anxious intellectual, but Hall and his director, David Wheatley, have managed the difficult task of depicting not just the writer but the writing.

One might have expected the most dreadful jolts in moving from biography into dramatisations of 1984 and even Animal Farm (with a cast of real pigs and horses) and back again yet there are none. It helps to have Fox playing Winston Smith in 1984, but mostly it works because this production makes it natural for the narrative to flow outwards from Orwell and the musings of the writer to his fiction as well as his journalism. The drama scores over any documentary by being able to display the passion of the protagonist.

Finally there are those forthcoming documentary programmes. Tomorrow sees the start of The Living Planet, the first of a series of five 12-part BBC1 series which splits the natural world into families or species but into habitats: deserts, ice fields, tundra and so on. If the opening episode is a fair one, it will be an even more outstanding achievement than Life On Earth. Anyway, whatever the rest may be like, tomorrow's programme, "The Building of the Earth," is one of the best television programmes I have ever seen.

It is a triumph of scrupulous preparation. Starting from the floor of the deepest gorge in the world, Attenborough climbs under the eye of the camera past the tree line to the snow line and picks up a fossilised sea shell, Darwin-like he asks how that could possibly get there, and cues himself into a beautifully planned sequence which moves from the top of the Himalayas to the bottom of the ocean and back again explaining with a clarity achieved only by the best of science how geology and plate tectonics (though he never resorts to such opaque phraseology of course) has formed our world.

The awesome shot of a fountain volcano pumping red hot lava into the air and then the usual egg of Attenborough appearing camera right, an upturned collar his only concession to the inferno at his elbow, is worthy to stand alongside the famous sequences in the hot cave and under the geyser in terms of sheerchutzpah.

We must wait rather longer for the beginning of The Heart of The Dragon, the 4th series edited by Peter Montagnon, the man responsible for Civilisation. Part 1, providing a splendid survey of the Chinese empire, civilisation, arts, beliefs and recent upheavals, will be shown by Channel 4 on January 30. It, too, is a glorious victory of editing skills over what seems to have been an impossibly large amount of material. Again, no matter what the other 11 may be like the opening programme is of abnormally high quality and a compelling piece of work on its own.

Perhaps this is the last great flowering of a tradition of television before cable and satellite carpet our screens and our minds with wall-to-wall Thorn Birds. Who knows. The important thing is that we seem to be at the start of one of the greatest television seasons for a quarter of a century.

Wozzeck/Covent Garden

David Murray



Anja Silja and José van Dam

Thrillingly, the Royal Opera has brought in Willy Decker to make virtually a new production of Berg's Wozzeck in the 32-year-old sets of Caspar Neher (with some fresh costumes by Marion Gerretz). Otherwise there is no skimping; the opera is extremely strongly cast, and Christoph von Dohnányi conducting - the chief glory of the performance - must have benefited by long and scrupulous rehearsal. The three short acts are played without any interval, which in itself makes no special difference but evades the Royal Opera's penchant for protracted breaks.

The action is more sharply detailed than before. The opera is sung this time in German; its brief, trenchant scenes are neatly self-explanatory, but determination to make everything clear may explain Decker's visual additions - notably a manic little entourage of medical students for the desecrated Doctor. There, the Expressionist titration seems in the right spirit; later some self-conscious touches - in the manipulation of the crowd in the Biergarten and in the tavern, when Wozzeck's telltale bloodstains are detected - are slightly distracting. It adds with the earthy naturalism of Büchner's astonishing text.

No other reservations; Decker's realisation is admirably pointed. As protagonist we have José Van Dam (very good, though a little thin in absence), a fine Wozzeck who embodies sad dignity, decency and desperation in just measure. The singing is solidly distinguished, needing only a further note of animal pain. As before, Anja Silja is a striking Marie; she looks magnificent, doesn't overplay, makes amends for some wild top notes by dramatic intensity and truth. There is a preening brute of Drum Major by James King, and as the Doctor Donald McIntyre maintains a fanatic gleam.

Hermann Winkler's Captain, a gross snail, made more of his appearance than of his exacting vocal line, which was neither bright nor effete enough

on Monday (a passing cold, perhaps). Sounder singing came from Kim Begley's plain, staunch André and Pbyllis Cannan's Mergret, a ripe slut. Eric Garretts and Robert Dean were a vivid pair of drunken Apprentices. None of the smaller roles is scamped, no moment wasted.

Dohnányi is a thorough master of the score. Not only does it sound beautiful (some sardonic satosacs are softened, which is perhaps over-nice), but innumerable details are rendered more cogent and telling than I have ever heard in the opera house. All praise to the orchestral players, who have found a new standard of lyrical conviction with this music. Let me sing out from neglected crannies of the intricate writing; even the Doctor's Passacaglia - nearly always left diffuse - is lucidly sheped. It is a pity that the shattering crescendo of the "Variation on Note" have to compete with the scene-shifters, furiously forming a deserted lakeside into a hazy inn in the required half-minute or so.

The illustrations, good and abundant as they are, only occasionally justify the claims that Omega made for itself as the leader of a new guard, though nobody can cavil at Fry's energy or his help for aspiring artists and Belgian refugees. The trouble is that the perfect form is not the way the arts have since moved. Painting has returned to the figurative, and no longer finds representation "mere". Nor does anyone nowadays want to sit in cafes or writing rooms that remind us of the shallow progressivism of King's Cambridge in the early Georgian era.

No matter: the Gaudier earthenware and marquetry here still look covetable: an artist who somehow makes you want to walk away with anything he handles, even the weightiest bronze or stone, and coddle it. There is nothing mere about a Gaudier cat or a

Gaudier deer. And though the painted chairs and pots that Virginia Woolf thought witty now look grandmotherly and unprovoking, and though Duncan Grant's canvases seem sady muddy and vacuous, Vanessa Bell can sometimes let out her palms with a daring sense of the interior spaces that lie between plain objects of domestic use.

This is a story with a beginning, a middle and an end, and all in less than ten years. Like other modernisms of the early century, Omega now looks like an artistic digression, and nobody nowadays paints or decorates like this, just as no one is writing novels like Finnegans Wake. On the other hand, one is left wondering how different the world of the arts would now look if that self-assertive digression had never happened at all.

Book Review/George Watson

Pots, paints and chairs

episode, starting in enthusiasm, struggling heroically through a world war, and ending with a sense of something done and a happiness shared.

Quentin Bell, who knew the place as a boy - in fact he was once sick in it - remarks in a lively foreword that Fry wanted somewhere far from struggling young artists to make themselves 10 shillings a week, so that chairs could be better to paint than canvases. Fry was a professional shoemaker. Having started out Victorianly enough with a study of Bellini in 1899, he suddenly turned maverick, attacked the administration of the Chantrey Bequest as far as the Lords, damned the Royal Academy for existing at all, and called for a socialism of the arts based on the communal model of the early Italian frescoes, stockpiling Omega designs for common use, whether on wood, fabric or canvas. He even invented the term "post-impressionist" for his 1910 exhibition at the Grafton

Gallery - perhaps the first of such cobwebs, post-modernists like ourselves may nervously note, to have caught on.

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Omega Workshops Exhibition: The Craft Council Gallery, Jan 18-March 18; Anthony d'Offay, Jan 17-March 6.

The Omega Workshop

by Judith Collins. Secker & Warburg. £15.95, 310 pages

The Omega, or last word, was founded by Roger Fry in 1913 to raise the prestige of the applied arts in Britain. Human character had changed exactly three years before, according to Virginia Woolf, or in 1910; and her sister Vanessa Bell, along with her lover Duncan Grant, gave Fry a helping hand to make sure that the change reached the visual arts.

The workshop in Fitzroy Square makes a tidy little story, leading down to his death through debts in 1919, and in a handsome, well documented book with nearly a hundred illustrations, Judith Collins of the Open University tells it all and in due order. She stops when her story does, drawing no moral. And though Omega may be no more than an episode in art history, and a minor one, it remains a shapely

Ligeti/Barbican Hall

Dominic Gill

The electric transformer buzz returned to the Barbican with a vengeance on Monday night, and was by far the loudest sound in the hall (if, sentimentally somehow, not entirely alien to the music) during the first two minutes of György Ligeti's Apparitions for orchestra. This curious evening, which had plenty of charm but otherwise no evident raison d'être, offered two performances each of three very early works by Ligeti (the first three, indeed, which he wrote after leaving Hungary in 1956) played by the Philharmonia to a tiny audience, and intelligently, though not especially humoringly, introduced and conducted, with plentiful music examples and

rather too much talk, by the Philharmonia's new music conductor in residence Oliver Knussen. Another piece was Fragmen - which was probably amusing enough at Dr Alfred Schlee's 60th birthday-party concert, for which it was written: but is pretty thin stuff to give once, let alone twice, at a public concert. The third was Atmosphères, Ligeti's first real masterpiece, dating from 1961, which it was good to hear again, especially played with such delicacy and presence. It was interesting to be reminded, in particular, how much more telling a score it is than Apparitions, whose chief value is surely in new historical and circumstantial rather than musical.

La Vie en Rose

Antony Thornecroft

There is currently another campaign to clean up Soho end of the soap suds have found their way into Mr Paul Raymond's La Vie en Rose, once the Windmill and more recently a cabaret club quite suitable for more broad minded saunters.

The latest show there, Paris after Dark, brings back to the West End the kind of act that used to haunt (way down on the bill) variety theatres in the pre-war years and our television screens immediately post-war. So if you yearn for a juggler of balls and a spinner of plates, for a man who declaims newspaper with a whip or who pretends to be two mid-

gets having a scrap here, is the place for you. There is a couple of exotic dancers but their gymnastics look wholesome compared with family entertainers like Hot Gossip. There is nothing at all Parisienne about the show, but there is a happy exuberance about the young dancers who fill in between the acts and the food is better and the service jollier than it need be. Paul Raymond usually knows how the British public likes to loosen its hair and there is something riveting in watching specialists in the banal. So forward the cycling dogs and the musical saw men - your public awaits.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

January 13-19

Theatre

LONDON

Dances (Drury Lane): Bob Fosse's answer to A Chorus Line. Line school Wayne Sleep and his dash company look like the real thing. At least the band is splendid, and so is Jules Fisher's lighting. Anyone who has seen Alvin Nikolais or even Fosse's own All That Jazz need not apply. (838 8108).

Blondie (Old Vic): It is a real pleasure to visit Horace's Old Vic. Full of light, spirit and pleasant surprises. Shame about the show, which is not even Paul Nicholas's charm as a troubadour (rhyming with "fondle") in search of both Richard the Lionheart and a bit more than rescue. Blondie finds his king, but not the rhapsody. (838 7810).

Dear Anyone (Camberley): Jane Lapotnik, without Fia's songs, is still a very fine musical actress, but Jack Rosenbluth's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Kuhl's design for a newspaper office is an impressive steel astrolabe. (793 3289).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Blum than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protesting. (734 1169).

drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3886).

The Real Thing (Savoy): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (838 2868/4143).

Dance Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockeystick, a rufftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (431 1582).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (838 8868).

Little Shop of Horrors (Comedy): A very fine musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cooties-like vulva to placental, abuse-singing peach. Ellen Greene repeats her off-Broadway performance which is only better like Penelope Keith's blonde and way over the top. (938 2578).

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a

young doctor, a receptionist and an authoritarian nurse. (496 3000).

Candida (Goodman Mainstage): Munsö Hicks, better known as an actor, adds Shaw's jaundiced view of a minister's marriage to his list of directing credits. Ends Feb 19. (443 3800).

NEW YORK

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically teltine, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6282).

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaiety Parisienne, but the intimate moments borrowed direct from the film. (757 2628).

2nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (974 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the valid histrionics in between, down to the confrontation with his dotting Jewish mother. (944 9430).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s soul pop singer, La Supermia, without the quality of her music. (239 6200).

Nise (48th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film. It, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0240).

WASHINGTON

Beyond Therapy (Krewe): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a world of choices. Ends Feb 19. (488 3200).

As You Like It (Arena): The Napoleonic era with its bows to Romanticism are the setting of Douglas C. Wagner's production with Frances Conroy as Rosalind and Tom Hovatt as Orlando. Ends Jan 1. (498 3300).

Agnes of God (Eisenhower): Hysterical pregnancy of a contemporary novice makes for emotional heat but little light in John Pieler's melodramatic play starring Elizabeth Ashley and Mercedes McCambridge. Kennedy Center (254 3570). Ends Jan 7.

Woman of the Year (Opera House): Lauren Bacall plays an overbearing, ambitious woman in this thin musical that was a Tony winner in a bad year on Broadway. Ends Feb 12. Kennedy Center (254 3570).

Cats/Tokyo

By Marie Myerscough

Billed prophetically for an "endless long run", Tokyo's Cats opened in November in a specially built tent theatre in Shinjuku (a more sprawling and colourful version of London's West End). Tickets are sold out until March. Performed by Shiki, one of the big three commercial theatre companies under director Keite Asari. Cats is Tokyo's most costly and longest-running production.

Japan's advanced technology is seen even in the tents. This solidly built and sophisticated theatre was completed in only a week. Outside, a black polyester cover is decorated with cats' eyes and logos, while inside the foyer boasts a restaurant, bars and all usual facilities. The auditorium, complete with royal box, has seating for 1,620. The midnight blue roof overhead with stars, moon, cats' eyes, strings of brightly-coloured light bulbs, turns the whole area into a cat's playground - shocking Japanese audiences unused to such unconventional use of theatre space.

Tokyo's Cats are typical Japanese - uniform and clean-cut. Most are costumed as ginger cats, wearing neck mikes, blending in with the set, they look and sound alike, all individuality subdued. Run Tum Tigger (Yuichiro Yamaguchi) usually played as an obnoxious pop singer, is in white lures jumpsuit and decidedly innocuous, the ruffi-

an Growliger, ends up unexpectedly sentimental. Nevertheless, the production probably has the best dancing by Japanese ever seen in Tokyo. Almond for one of the few remaining awards Cats has not won, half of the dancing is original choreography by Taku Yamada. The routines show ensemble work of imagination and precision, a good example of Japan's unified approach to things.

Electronic gadgetry is used to full effect for the music - pre-recorded but with a deceptively live sound. The lighting, too, is of the usual high technical standard. Japanese perfectionism is indulged in the set and props; there are 4,000 items of giant-sized junk (three months in the making by Shiki art department, and worthy of an exhibition in their own right) complete with brand names, labels, giving many Japanese manufacturers, soft drinks makers, etc. free publicity. The boots even have labels.

For spectacular effects, Tokyo's Cats uses many of the stunts and tricks of Kabuki. Lifts, trapezoids, trapdoor wires, revolving panels are all used to show the animals' rampant nature to advantage. Mistoflows slips down over the roof, Macavity swings over our heads, Growliger's barge in one movement descends and opens out, while before his demise he performs an-

other Kabuki trick, the quick costume change. Make-up, pose, delivery of lines are often recognisably Kabuki, too. However, Tokyo's Cats never really works. There is too much ensemble playing; it is too stylised, mechanised (technical staff outnumber the cast), too intense. The fundamental characterisation is missing. Apart from a few, Gus the theatre cat, Old Deuteronomy, Skimbleshanks, the rest are characterless. Run Tum Tigger is just pretty, while Grizabella (Akiko Kuno), the old glamour cat, portrays none of her seedy past and pathetic quality. But then, the patches which gives the London and Broadway productions their different levels of emotion, and ultimately their appeal, is generally missing. So, too, is the essential vitality. Most significantly Tokyo's Cats are just out of catlike. (Poses with claw-like hands in froths of faces are hardly realistic.)

Of all the shows suited to the special animality and energy which make the Japanese fringe theatre so exciting, Cats seemed ideal. Yet, as usually happens with a Western production, Shiki concentrated so much on the externals that they missed the fundamental point. There are many excellent portrayals of animals in Kabuki (the fox, for instance) or in the fringe. Or they could have studied the real species.

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Calmer wind from China

THE past few weeks have seen a concerted campaign by the Chinese Government to present a new conciliatory and constructive image to the outside world. The country is trying to project the message that, after three decades of internecine struggle its government has at last found the secret to adjusting Communist ideology to changed circumstances.

Monday's detailed assurances by Ji Pengfei, Peking's State Councillor with special responsibility for Hong Kong, that the colony would be allowed to remain largely unchanged after 1997—the year in which Britain will almost certainly cede sovereignty to Peking—is only the latest example in this seductive scenario.

Last week Zhao Ziyang, China's urbane Prime Minister, capped a successful visit to the United States with a series of agreements which promise increased trading between Peking and Washington and a more realistic understanding of what can and cannot be achieved in this relationship.

Korean dialogue

The two sides appear to have agreed (largely, one suspects at China's insistence) that although what former President Richard Nixon called a "strategic relationship" is an unrealistic hope, the areas of potential agreement and mutual benefit are extensive but relate mainly to economic development.

This more limited approach seems sensible since both the U.S. and China have an interest also in improving relations with the Soviet Union, rather than ganging up against it.

During his visit Zhao also backed the idea of a dialogue between North and South Korea. The recent bombing in Rangoon, when a North Korean bomb killed more than a dozen of President Chun Doo Hwan's senior officials, underlined the need for a political solution to what remains an area of potential superpower conflict.

Privatising a monopoly

IT IS NOT every day that a leading industrialist and normally staunch supporter of Conservative policies criticises a major piece of government legislation with the force with which Lord Weinstock attacked the Telecommunications Bill in the House of Lords on Monday. He could almost certainly have communicated his views to Ministers privately and may already have done so. But he appears to have concluded that quiet persuasion in the corridors of Whitehall stands little chance of budging the Government's determination to rush the Bill through in its present form.

His objections to the Government's plans to privatise British Telecom are not, of course, entirely disinterested. As one of Britain's leading telecommunications manufacturers, the General Electric Company has long enjoyed a close and profitable commercial relationship with BT and the Post Office before it. BT's rapidly changing role makes the future of that relationship look much less secure.

But we also believe that Lord Weinstock has raised a number of important issues which deserve wider discussion. These do not bear on the rights or wrongs of the principle of privatising BT, so much as on the form which privatisation takes and on the objectives which it is intended to achieve.

Slow start

The Government has presented privatisation as a natural extension of the liberalisation of the British telecommunications industry which began in late 1981. It argues that by making BT accountable to private investors rather than to Whitehall it will enhance the role of market forces.

But the competition which liberalisation was supposed to encourage is still at a very early stage of development. The disappointingly slow start made by Mercury Communications attests to the difficulty of challenging BT's supremacy in its core business of network transmission. In terminal equipment, BT's marketing muscle is unmatched, most of the competition between manufacturers so far has been for orders from BT itself, not from its customers. It thus continues to determine to a large extent which new products reach the market, and on what terms.

It remains to be seen how effective the regulatory mechanisms planned by the Government will be in altering this state of affairs. Much will depend on the detailed provisions of BT's licence and the

level of the ceiling on its future investment. The decisions which will have to be made to balance the curbing of BT's monopoly power against the requirements of investors, whose enthusiastic support will be needed to make the flotation a success.

There is a strong argument for tougher measures to prevent BT from cross-subsidising equipment sales out of profits on its network operations. The Bill relies largely on the tariff formula and the requirement that BT publish separate accounts for its different businesses.

But that overlooks that fact that BT channels most of its terminal equipment sales through its regional offices, which were originally established to deal with routine customer service, maintenance and administration. The additional cost to BT is small, and far lower than would be incurred in setting up a competing sales force from scratch.

Resources strained

The Government, however, has rejected that option. One of its main arguments is that it wants BT to become the "flagship" of Britain's information technology industries. To break BT up would, it is claimed, rob it of the size and resources needed to lead an effective attack on overseas markets.

But Ministers have produced little concrete evidence so far to back this assertion. In spite of BT's recent moves to improve its efficiency, it is questionable how successfully an organisation deeply imbued with monopoly tradition will compete internationally. Coping with its own internal reorganisation is already straining its management resources, and there is a danger that its domination of its home market could prove a road block rather than a springboard for other companies with export potential.

The Telecommunications Bill is one of the most important pieces of industrial legislation since the war, with major implications for the development of Britain's "sunrise" industries. But many of the complex issues which it raises have not been fully thought through by the Government. It is much more important to get the answers right than to be bound to a self-appointed timetable for privatisation.

AT THE beginning of this year Lone Star Industries, the largest cement producer in the U.S., set out to raise its prices.

It failed twice in 1983. Customers refused to pay the new prices and competitors were happy to oblige with an alternative supply. No one is monitoring Lone Star's experiment more closely than a group of Europe's major cement makers.

Why? Because over the past six years the European cement giants, comfortable in their closely controlled but saturated domestic markets and hungry to invest in stable markets on the Third World, have bought up more than 20 per cent of U.S. cement-making capacity, raising the European stake in the U.S. industry close to 30 per cent.

At least three European producers, Lafarge Coppee of France, West Germany's Heidelberg Zement, and the Swiss holding company, Holderbank, now rank among the U.S. top 10. In what Mr Jim Stewart, Lone Star's president calls a "virtual flood" of European entries, these three have been joined by Blue Circle and Rugby Portland from the UK, Italy's IFI and Cementaria Robilante two other French groups, Ciment Francais and Ciment Vicat, a second Swiss producer, Cemenita and Sweden-Cementa. At least five Canadian producers, some with European parents, have also bought U.S. plants.

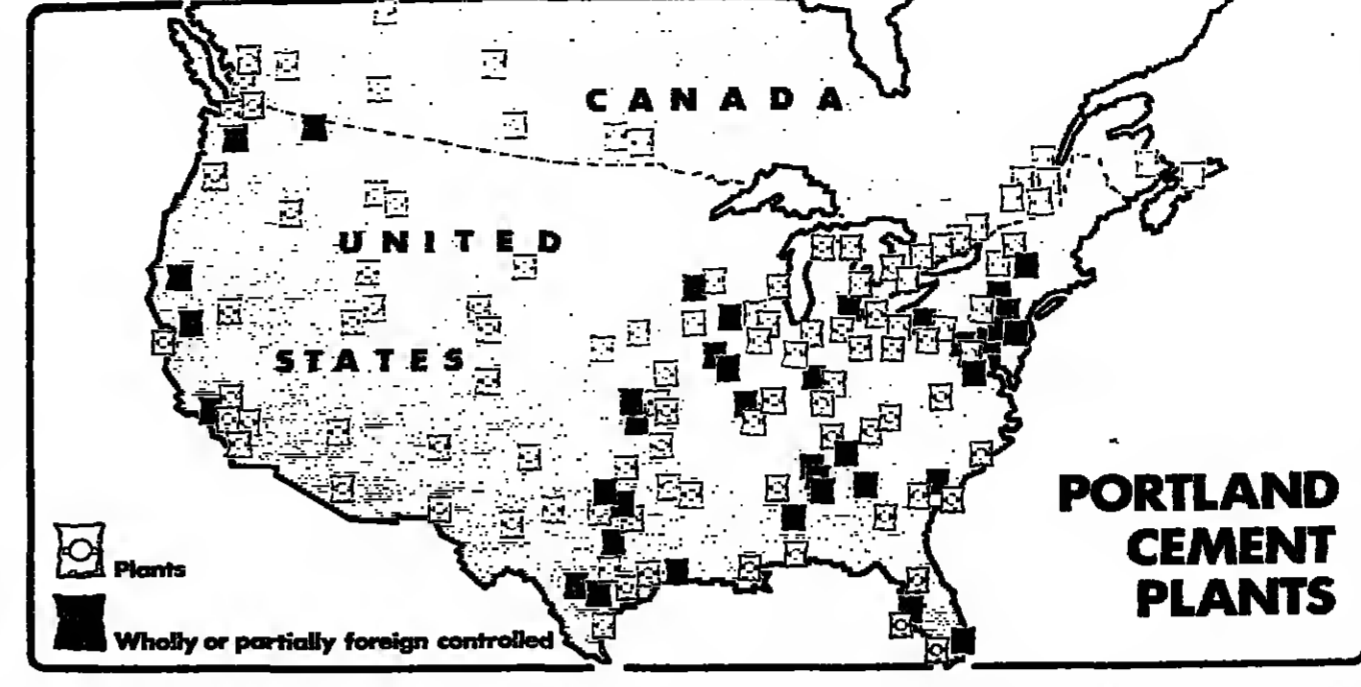
In a sense, the bigger European producers have to be in the U.S. Recession and mounting debt problems have hit producers in Africa and Latin America where many companies had set up plants over the past 20 years. "You're left really with only one large market with any growth potential," says John Milne, Blue Circle's chairman.

This is why the Europeans and the remaining U.S. producers are now locked in a fierce battle to position themselves for the much heralded recovery in U.S. construction activity, which has still to reach anything like its full potential.

Central to the battle for a larger share of the U.S. cement market is the assumption that key parts of America's infrastructure are actually crumbling and a lot of cement will be needed to replace them.

The Administration proposed spending \$12.8bn on maintaining Federal highways in the current financial year, a 50 per cent rise on fiscal 1982. The Department of Transportation has estimated that just to maintain non-urban highways will cost more than \$500bn over the next 10 years. And then there are sewers, rail systems and waterways. Altogether, it is estimated that America's infrastructure could cost up to \$3 trillion to rehabilitate in the coming decade.

However seductive these projections may be, increased demand is no guarantee of increased profits. Return on investment in cement has notoriously low. The product is bulky, relatively cheap and, certainly in the U.S., unprofitable



to transport more than 150 miles. Capital costs can take up to a third of manufacturing costs.

If the market does take off, as predicted, the European producers, who have bought into the industry at rock bottom prices, could cover their investments relatively quickly. They are already being closely watched by the U.S. manufacturers, a number of whom are suspicious that European cement-marketing techniques may be transplanted into the U.S.

"We may be paranoid, but we tend to think of them all as one company," says one U.S. executive. "They're obviously very cosy doing business with each other." There is no evidence whatever that European companies are colluding, but it is true that the cement price-setting practised in the UK would be illegal in the U.S. and that a number of European producers either hold stakes in one another or collaborate in joint ventures offshore.

There are anyway signs that, for all the early promise that European producers would revolutionise U.S. cement-making, they have very rapidly slipped into the domestic routine.

"We thought the Europeans were going to come here and put up the big dollars but they rise on fiscal 1982," says Robert Roy, chief economist at the U.S.'s Portland Cement Association. "Except for Blue Circle they have not bought state of the art plant and the longer they're here the more they begin to look like U.S. cement companies—they don't innovate."

It was the 1973 energy crisis that turned the U.S. cement industry on its head. At the time, nearly 70 per cent of the cement kilns in the country were oil fired. To make matters worse, some 64 per cent of the nation's cement was being produced through the "wet" process, which required much more heat to convert raw materials, than

the "dry" processes long used in Europe.

Domestic shipments of cement in the U.S. totalled a record 8.5bn tons in 1972. But by 1973 sales had plummeted to 6.3bn tons and many producers began to look for a way out of the industry. Producers were forced by soaring oil prices to begin a process of conversion to kiln capacity burning oil. For the first time ever, meanwhile, more than 50 per cent of U.S. cement was produced using the dry process.

It has been an expensive transition. Kaiser Cement, the sixth biggest U.S. producer, has spent \$300m in the past five years converting its three biggest plants to the dry process and on converting all five of its plants from oil to coal. Nevertheless, Kaiser is forecasting a loss for 1983-84—its first since going public in 1947.

"The U.S. cement industry had gone through an unprecedented decline," says Kaiser vice-president David Hum.

Total home shipments had recovered to 80.6m tons in 1978, lending some comfort to producers in the midst of modernisation programmes, but have since fallen again.

"1982 was our worst year in 20 years," laments Robert Roy. Sales last year rose from 62.5m tons to around 68m but, "1983 was still the third worst in the last 15 years."

A decade of stagnant demand has demoralised many of the industry's leaders. General Portland, the fourth biggest producer, tried to diversify and bought into the furniture industry. Amcor, the sixth biggest producer in 1977, began to look elsewhere for investment opportunities. Alpha and Penn Dixie no longer exist. U.S. Steel paralled up and sold off its Atlas Cement division in 1980.

The European producers latched onto this retreat with a vengeance. First after the 1973 oil price rises came Ciments Francais, a French producer, which bought National Cement in 1974 and converted its plant in

Alabama to coal in two years. Ciments Francais followed in 1976 when a U.S. subsidiary, Coplay Cement, bought plant from Alpha in Maryland and then Penn Dixie, in Nazareth, Pennsylvania, in 1980.

To begin with, the U.S. producers were happy enough to see specialist European cement makers move into markets and plant, particularly on or near the Eastern seaboard, where demand was flat and plants were old. The Americans that stayed in the game began moving into the sunbelt. They were, however, to be closely chased by the foreign invaders.

Nineteen seventy-seven saw West Germany's major producer, Heidelberg Zement, enter the industry when it purchased High Cement in Pennsylvania. Just under three years later, Heidelberg bought up most of Universal Atlas for a mere \$185m, taking total capacity of its U.S. subsidiary, Lehigh Cement, to within a whisker of Lone Star's number one position at the time.

Genstar, the Canadian-based real estate, services and construction materials group (in which Belgium's Societe Generale holds a major stake) bought two Californian plants from Flintkote in 1979 for \$311m and in 1981 the French returned to the industry when Lafarge Coppee took over the U.S.'s fourth biggest producer, General Portland, for \$266m.

Italian producers also joined in the race to the U.S. IFI International, part of the Agnelli family's holding company, Istituto Finanziario Industriale, along with another IFI subsidiary, Unicem, took control of plants in Pennsylvania, Tennessee and Missouri. Britain's Rugby Cement has since taken up roughly a third share in each of the plants.

Two other Canadian producers, St Mary's, which bought grinding mills in Michigan and Wisconsin and Lake Ontario Cement, with a grinding mill in Michigan, completed the foreign investment surge up until the

multiple of last year. In August 1982, however, Blue Circle appeared to have capped the investment cycle when it took over three million plants from Martin Marietta, which had been the cash after its proxy battle with Heidelberg's Cempho, which took over in a deal worth \$170m overall.

Just before Christmas, however, came an invasion from a completely new source, Australia. Adelaide Brighton Cement spent \$13m on a 50 per cent share in Lone Star's ageing Seattle plant, the first investment in cement making by a producer west of the U.S. Soon after the New Year, Canada's St Lawrence Cement took over Lone Star's wet process works in Calkskill, New York for \$39m.

Meanwhile, there has also been a considerable shake-out among U.S. producers. In 1982 Lone Star, for example, acquired Marquette, the nation's fifth largest producer, for \$267m to become the undisputed industry leader. Lone Star now controls roughly 13 per cent of U.S. cement capacity, nearly double that of its nearest rival, Ideal Basic.

The stakes in the U.S. are fairly well set out now, says Andrew Teare, Rugby Cement's managing director. "There are signs that prices are strengthening."

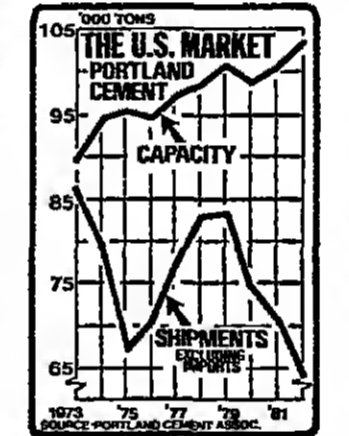
Dr Peter Otto, chief executive at Lehigh, expects the market to "be strong enough to absorb an increase" and probably speaks for the entire industry by arguing that "it is quite obvious that price increases are badly needed to generate enough cash flow to modernise many obsolete plants with the ultimate goal of operating low cost facilities in order to stay competitive with imports and other building materials."

It is also tempting to view the timing of Blue Circle's investment, made after around 10 years' hard thinking as an important indicator of things to come. "It did take us an unusually long time to decide," says chairman John Milne, "but we do seem to have hit the U.S. at the right time."

But, of course, the price recovery could turn sour. It seems unlikely that Caribbean Basin producers, the Indonesians and even the Japanese will stand idly by if the U.S. market picks up significantly. Plants along the coast and navigable rivers have proved vulnerable to imports in previous upturns and there is already considerable Latin American investment going into import terminals.

Any attempts by the U.S. authorities to clamp down on imports could lead to another round of full scale capacity acquisitions, this time by Latin American and Far Eastern producers.

Roy Grancher, a U.S. cement analyst, insists that his prediction that foreign ownership of U.S. cement making capacity could rise to 50 per cent by the end of the decade is credible. The process, he says, could start with the Mexicans, whose home markets are close to saturation. They just have to set up production in the States," he says.



The statistics above apply only to Portland cement. Inclusion of masonry cement would raise capacity and shipments by an average of around 4 per cent.

Company/Ownership	Capacity* (1,000 tons)
1 Lone Star (U.S.)	12,448
2 Ideal Basic (U.S.)	9,543
3 General Portland (U.S.)	6,430
4 Gifford-Hill (U.S.)	5,306
5 Lehigh Portland Cement (W. Germany)	4,780
6 Kaiser Cement (U.S.)	4,330
7 National Gypsum (U.S.)	4,145
8 Dundee Cement (Switzerland)	4,100
9 Californian Portland (U.S.)	3,950
10 Southwestern Portland (U.S.)	3,252

* As of 1982. The major change in the rankings took place when Martin Marietta, ranked fifth a year ago, began selling off plants. Cempho, which bought some 1.6m tons of capacity from Martin Marietta, would probably now be ranked at 15. It combined the three companies now being run jointly by IFI and Unicem as Italy and Rugby Portland of the UK, would probably rank at 13.

Men & Matters

Hock leaves

There will be a few bankers around the world secretly pleased to hear that Dee Hock, the 54-year-old American boss of Visa, the international credit card and travellers cheque group, is to retire next year.

For though Hock's supporters regard him as a banking visionary who has done more than rise to push Visa's 15,000 member banks towards the next century, his 14-year struggle to establish Visa has brought him his fair share of enemies. They see him as an egotistical empire builder bent on turning Visa into the main distribution channel of the cashless society.

Sun stroke

More shafts from Arthur Scargill—but directed once again at his enemies in Fleet Street.

After turning the cameras on reporters at a National Union of Mineworkers press conference last week, Scargill this week switches his offensive into print.

The NUM's newspaper, Miner, carries an all-embracing attack on newspaper proprietors—"these gentlemen of pleasure, who spend more on an alcohol-soaked Fleet Street lunch than a pensioner has to live on for a week"—before concentrating its attention on Rupert Murdoch and the Sun.

Offering NUM members "the ballot that Arthur Scargill won't give you," the Sun on January 10 printed a ballot form asking miners if they wished to continue the overtime ban.

The NUM has responded with a note over the wording of the Sun's halloo—and the Miner, with a parody of it. Under the headline: "Sun readers! Tell us what you really think," it asks whether Murdoch should continue to own the Sun, News of the World, The Times and the Sunday Times, "influencing the minds of millions of people."

"Think about it," the Miner urges in Sun-speak—before expressing its own opinion that Murdoch's footnote in history will be "as a man who bullied others into producing the kind of newspaper that no self-

respecting fish would be seen dead in."

Diplomatic round

Without Switzerland to provide emergency links, the world's diplomatic circles.

Apart from looking after their own interests abroad, Swiss diplomats are currently acting for no less than 17 other governments where normal diplomatic relations have fallen foul of politics and been broken.

Whatever dialogue there may be, for instance, between Iran and South Africa has a marked Swiss accent. The Red Cross state represents Iran in Pretoria and South Africa in Tehran.

If the Swiss had not stepped in to the breach, troublesome Iran would have no relations to speak of with at least six other countries.

Britain is represented by the Swiss in Guatemala and Argentina; the U.S. in Cuba as well as Iran; and Israel, in China, Hungary and Madagascar.

But if the whole diplomatic tangle suggests a far from peaceful world, it should be noted that at the height of World War II, Switzerland represented the interests of 34 other countries—twice as many as it does today.

New angle

A Stafford-based company has struck what could be a major blow for peace in the long-standing row between bird fanciers and anglers.

Conservationists have complained for years that the lead shot with which Ashermen weight their lines has been poisoning large numbers of luckless swans.

Now Evode Group, better known for its Evo-Stick household glue, has brought out a lead-free anglers' weight. It has the extra advantage of coming in a putty-like consistency so that it can be moulded into the size and shape which suits anglers best.

But those are only some of its attractions. In an anglers' weight treatise which would have done Isaac Walton proud, Evode suggests: "When the fish are not taking your bait, roll a piece of Anglers' Weight between your fingers and keep squeezing it into different shapes. If you do not get any bites or it gets late, put it back into the tackle box, pack up and go home."

Chain store

Amazing chaps, the Chinese. The China Daily reported yesterday that an engineer in Shenyong has invented a bicycle that can be converted into a tricycle, a desk, a sofa, or a wheelchair.

Creating a demand for the contraption may be even more difficult.

Some people are satisfied with a 4 per cent increase without an overtime ban" Observer

Rudyard never kipped in such comfort.

Kipling would have waxed lyrical about Air-India. Especially our First Class. Wide, deeply comfortable seats in which he could stretch out or curl up. An equally wide choice of the very finest Eastern and Western cuisine.

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But chances are he'd have been lost for words. Contact your travel agent or call Air-India on 01-491 7979.

UK TRANSPORT WORKERS' ELECTION

A crucial choice to stop the rot

By Philip Bassett, Labour Correspondent

AFTER 62 years, under six leaders, Britain's largest union, the Transport and General Workers', is about to hold its first real election for a general secretary. The outcome is likely to be crucial for the future of the whole labour movement, and for its relations with employers and with the Government.

The first stage of the election to find a successor to Mr Moss Evans, general secretary since 1978, opens on Monday. In the light of the Government's legislative scrutiny of trade unions' internal affairs, the election poses clear choices for the TGWU, and for the wider union movement: change or continuity, authority or weakness, TGWU leftism or the TUC's new realism, consultation or centralisation, democracy or autocracy, responsiveness or irrelevance.

The TGWU used to bestride Britain's trade unions like a colossus. Its voice was heard everywhere. Its general secretaries became government ministers. Its ideas became acts of Parliament. At the height of its influence in the mid-1970s, Mr Evans's predecessor, Mr Jack Jones, was seen in opinion polls as the most powerful man in Britain. Even at local level, tough negotiators such as Mr Alan Law, leader of the Midlands lorry drivers, and the union's 5/35 branch in Birmingham, virtually set their own terms with employers who were grateful to be allowed to operate their businesses.

But no more. The recession has bitten deeply into the private manufacturing sector, and with it the TGWU's power base. The road haulage pickets who symbolised the 1979 "winter of discontent" have seen many of their employers go out of business and many of themselves end up on the dole. Personnel managers in haulage firms still talk to the TGWU—but they no longer have to keep them sweet for fear of the consequences.

The sheer scale of the problems now facing the TGWU is daunting. Membership. During Mr Evans's tenure unemployment has reduced TGWU membership by 10 per cent. The union could ever hope to have numbers have fallen by almost a quarter, from more than 2m at the start of 1978—then one in every six trade union members—to only just over 1.5m now.



Jack Jones (left) and Moss Evans at the TUC Conference in Blackpool, 1977

from poor. The drop in membership, though, is making it feel the pinch: next week, a special conference of the union will be asked to endorse proposals for a two-stage 50 per cent increase in subscriptions.

Organisation. Mr Jones sharply increased the power in the union of the shop steward. Sometimes beneficial, sometimes frightening, the shop steward movement was one of the first targets of new recession-hardened managements, such as at BL. The decline of the shop steward has helped increase the TGWU's rootlessness.

Influence. Though still on NEBGC and still on Mr Jones's creations such as Acas, the TGWU's corporate state power has gone. In the TUC, the removal of the TGWU's extensive powers of patronage, effected by the change in the method of electing the TUC's governing General Council, has institutionalised the decline in its power first felt after Mr Jones's departure. The result is that—unlike five years ago—the TGWU now regularly gets defeated on key issues, such as the recent decision not to support the NGA.

All the candidates for the top job know it is up to them to stop the rot. Ernest Bevin's original structure for the union, devised in 1921 and still largely in force, offers enormous authority to the general secretary, who binds together the disparate sections of its membership, resists the particularist tendencies of its individual trade

groups and counters the baronial power of the union's influential 11 regional secretaries.

Mr Evans has trodden a different path, partly through illness, partly through choice: in the TGWU, the executive council has been given much more power, virtually for the first time. In the TUC, the union seems to have deliberately moved itself from the organisational alliance Mr Jones enjoyed first with Vic Feather, then with Len Murray as TUC general secretaries, and with Hugh (now Lord) Scanlon of the engineering workers. Mr Evans has preferred a political alliance with other left-led unions.

This shift has been decisive in opening up for the first time the normally formulaic pattern of TGWU general secretaryship elections. Traditionally, TGWU leaders have been careful to ensure a successor in their own chosen image: Bevin begat Deakin, who begat Tiffin, who begat Cousins, who begat Jones, who begat Evans.

Certainly in this election, Mr Ron Todd, the national organiser, leader of the Ford manual workers (as Mr Evans was) and currently grappling with the closure of the Dagenham Foundry, is the favourite of both Mr Evans and senior figures at the TUC.

port House in London, from which all previous TGWU general secretaries have been drawn.

But the fact that at this early stage there are seven serious declared contenders shows how much the game has changed. In his election—a two-horse race—Frank Cousins won 88 per cent of those voting—half a million people. Mr Evans and Mr Jones each had nearly 350,000 votes—still decisive victories.

This time, the sheer number of contenders will split the vote, allowing in its general secretary someone with the lowest-ever successful vote in a TGWU election—perhaps as low as 180,000, according to some internal estimates. Voting is relatively high for trade union elections. Even so, the result this time could be tight—a winning margin of perhaps as little as 10-15,000.

With such tight margins, and with the voting likely to be dominated by union activists, all the contenders are angling for early advantages in the lengthy campaign before the result is declared in June. They all recognise, decay and spread the likely influence on the social and industrial radio. The regional secretaries will also be powerful, as one candidate puts it: "That's the machine. Whoever controls the machine gets the votes." Currently Mr Wright is thought to have the support of a substantial proportion of the regional officers.

Political groupings in the union are less decisive than in such unions as the engineering workers. Previous elections have tended to be faction-free. However, after some doubts, the Broad Left is poised to support Mr Todd, and the right wing to back Mr Wright.

Mr Neil Kinnoch, the Labour leader, is seen by virtually all the TGWU contenders as a likely ally and a close comparison. Despite the range of their political views, all the candidates claim to occupy the crowded centre-left position. Though it is hardly surprising, since they are touting for votes, all the contenders lay great stress on increased membership consultation.

At the same time, most stress the need for a strong, authoritative leader, to give new direction to a TGWU seen as aimless, and new confidence to its depressed members. Striking a balance between strong leadership and membership control is difficult. Jack Jones did it, but as one of the candidates said: "He was an exceptional man. There is not a Jack Jones among this lot—including me."

Mr Todd is holding to the union's current raft of "progressive" policies, but many of the others, led by Mr Wright, feel that the TGWU will have to move away from the left towards the centre, if it is to try to regain its lost influence.

The chosen methods are different. Some prefer increased campaigning, others internal streamlining and modernisation. Still others accept the drift of the leadership away from the members, and feel that a new leader of the TGWU must play a crucial part in rehabilitating the public image of the unions, erasing the memories of the winter of discontent and returning the labour movement to the social and industrial respectability it enjoyed in the 1970s.

As one of the candidates puts it: "I see the T&G as the linchpin of the whole Labour movement. If you make the T&G work you make the whole movement work—and that's the size of the job I see in front of us. It isn't just a question of putting the T&G right. It's a question of putting the Labour Party right. It's a question of putting the movement right."

Exchange Rates

Why the pound is still absurdly overvalued

By Bryan Gould, MP

THOSE who recall the panic as the pound dipped towards \$1.50 in the autumn of 1976 might conclude that the relative calm—and the stock market euphoria—which have greeted the \$1.40 pound show at least that we have learnt something in the meantime—or perhaps it is simply that these things seem more tolerable when there is a Conservative Government in power.

The pound's fall against the dollar does, of course, leave its over-valuation against European currencies and the yen virtually unaffected. It nevertheless focuses attention again on the question of whether the Government has, or should have, an exchange rate target, and if so, what it should be and how it should be achieved.

The Government has always declared that it is content to let the market decide; but ministers are unlikely to welcome the pound's slide. The exchange rate is increasingly regarded as an important indicator and high interest rates might still survive with the aid of European reserves.

Although the Government will no doubt maintain its opposition to the EMS on political grounds, it is unlikely to give up its attachment to the highest possible value for sterling. The supposed absence of an exchange rate target has meant in practice that the rate is allowed to go as high as it can, under the twin pressures of North Sea oil and an excessively tight monetary policy (how else can 1981's \$2.40 pound be explained?) but that "smoothing" operations by the Bank of England will effectively place a floor under it when it falls.

tion to the other burdens suffered by British industry, an appalling loss of competitiveness. The indices vary, but all show a damaging decline, with the most commonly used—the IMF index of normalised relative unit labour costs—showing a horrifying fall in competitiveness of over 30 per cent since the first quarter of 1979.

The best measure of competitiveness is that provided by the practical test of trying to sell British goods against foreign competition in markets both at home and abroad. The hastening decline in our trade in manufactured goods—(we recorded our first ever deficit last year)—represents the markets' conclusive and damning verdict. The oil has in effect

gives us a chance of redressing the misalignment with the minimum of pain.

It has already produced for those, like Jaguar, who sell principally to the U.S., the benefits to be gained from a competitive exchange rate; and, since most of our important import prices are in dollars, it has also meant that we have already borne most of the inflationary brunt by devaluation which has, incidentally, been much less severe than many opponents of devaluation feared. To complete the realignment of sterling against other major currencies would mean virtually all gain to competitiveness with comparatively little loss to inflation.

When the dollar eventually weakens, the pound must go with it. We can achieve this by consciously adopting an exchange rate target. That target should be fixed in terms of a competitiveness index (the terms of trade for manufactures or relative export prices would be the most appropriate). Our aim should be a return to the level of competitiveness enjoyed in 1976 and which we undertook to the IMF to maintain.

Our aim should be a return to the level of competitiveness enjoyed in 1976

displaced manufacturing production, and the revenue have been pre-empted by the consequent need to pay for unemployment.

There can be no solution to the problems of British industry until this loss of competitiveness is eliminated. We cannot rely on productivity improvements to do this for us, since, even if they are not—as seems likely—a statistical illusion, we are clearly not gaining substantial ground on our main competitors.

Nor can we rely on driving down real wages, even a marginally successful one, could only be achieved at considerable social and industrial cost, would be quite inadequate to redress the huge loss we have suffered and would in any case, on present policies, be immediately negated by a rise in the effective exchange rate.

The only direct and immediate way of improving the competitiveness of British industry is to reverse the absurd over-valuation of sterling. The pound's fall against the dollar

Letters to the Editor

Usefulness of index funds in portfolio management

From Mr S. Glover
Sir,—Mr Wrey (January 10) attempts to deny the usefulness of index funds in portfolio management. His argument emphasises the fact that the index is the prime desire of the active fund manager, but omits mention of the corollary to this statement, which is that the manager will also wish to avoid underperformance of the benchmark. The former we can never guarantee, but the latter we may achieve, at a minimum, by holding the index.

This statement has two important implications for portfolio management. The first is that the index is a potential portfolio like any other. It should be considered as a "neutral" position—the portfolio assumed to be held before active strategies are implemented. Just as you would not build a house without a firm foundation, why should you construct a portfolio without regard for the building blocks already in place? Success or any departure from this position necessary for the achievement of superior returns also increases the likelihood of underperformance. The amount of underperformance the investor is prepared to tolerate thus

becomes a crucial investment constraint. The extremely risk-averse investor who wished to participate in the equity market would be one possible candidate for an index fund.

This has another important ramification. A portfolio which achieves a higher return than the index is not by definition a superior portfolio whenever its potential for underperformance is greater than that of the index. Consider, by way of a simple example, that two alternative investments, cash and gold, had both experienced the same return over a given period. The cash fund would be superior because its downside risk is much lower. It follows logically from this that the investment manager should pursue any strategy which offers a higher return for the same level of downside risk. Mr Wrey states that index funds are often used in circumstances where the balance of investable assets is given to specialist managers. Such an approach is designed to generate attractive performance while controlling the downside risk of the overall investment. As such, it is another valuable use of the index fund. The greater the amount of indexed

assets, the more flexibility the fund sponsor has in committing the remainder of the fund to managers who might otherwise be considered too aggressive. The existence of the passive manager helps to justify the employment of the active.

It is suggested that index funds are "disadvantaged" when certain industries are in decline. Since such industries constitute part of the market this is an irrelevance. Furthermore, there is a large number of "non-defeatist" managers who have been unable to identify such industries and avoid their inclusion in investment portfolios. Investment management is a product like any other and we cannot ignore the needs of a consumer. If the client is not prepared to sustain underperformance, does an index fund not become a possible addition to our product line? And if we assume more risk than the client can tolerate in the pursuit of beating the index, does this not constitute an "abandonment of fiduciary responsibility"?
Stephen W. Glover,
The First National Bank
of Chicago
90 Long Acre, WC2.

Old mediocrity may be preferable

From Mr P. Myers
Sir,—The president of the Royal Institute of British Architects (January 11) feels that conservatism has gone too far. Many, including some who count themselves moderate conservationists, will feel some sympathy with the professional frustrations of which he complains.

But his article will scarcely have done much to increase that sympathy. It does not touch on a major Japanese bearing "gifts" new building is widely perceived as repellent and dehumanising. Judgments rest on comparisons; if conservationists are overly tender in their concern for Victorian mediocrities it may be because they are (not surely without reason) what would replace them. Mediocrity is preferable to dehumanised desert. It is sad, and alarming, that in building only three justifiable reasons for retaining an old building, the president of the RIBA does not have some regard to these fears. Rightly or wrongly many people feel that most old buildings are less desirable than their probable replacements. That is clearly an undesirable state of affairs. It would be far better all round—and not least for conservation in the longer term—if we could be shown otherwise. P. C. Myers,
144 Duke's Avenue, N10.

Always read the small print

From the Director,
Trade Policy Research Centre
Sir,—The article by Christopher Lorenz, "Beware of Japanese bearing 'gifts'" (January 16), conveys a warning about joint ventures which applies to all joint ventures, not just to those with Japanese enterprises.

At an UNCTAD meeting a few years ago a developing-country representative told the story about a pig and a hen who agreed to embark on a joint venture producing bacon and eggs. After signing the contract, the pig was going home well satisfied, but he fell to reading the small print and soon got very agitated. The pig rushed back to the hen. "Look here," he said, "to fulfil your side of the contract, all you have to do is lay eggs, but fulfil my side I have to get killed." "Grow up," the hen replied. "You ought to know by now that in any joint venture someone always gets slaughtered."
Hugh Corbett,
1, Gough Square, EC4.

Intellectual property rights

From Mr P. Smith
Sir,—Your legal Correspondent, in his article "An optimistic view of the British patent system" (12 January) takes a pessimistic view of the likely reaction of patent agents and lawyers to the report on "Intellectual property rights and innovation."
He might note that the scheme for a petty patent outlined in the report is one which was originated by patent agents. Registration of service marks is among the other proposals in the report which already have the active support of the Chartered Institute of Patent Agents. A small claims procedure to reduce the cost of legal action was proposed by one of the small group of barristers specialising in this field over a year ago. In its latest version this proposal suggests that barristers and others representing the parties in such a court would not charge fees.

ing and examination to carry out the complex technical and legal work necessary. I think that Mr Hermann will find that patent agents are sufficiently commercially oriented to recognise that what is good for their clients is also, in the long run, good for their business. P. A. Smith,
10 Queensdale Road, W.11.

Enterprise allowance scheme

From the Executive Director,
Derby and Derbyshire Business Ventures
Sir,—Tim Dickson's suggestion (January 12) that a thorough evaluation should be undertaken to determine the cost effectiveness of the Government's schemes to aid small businesses is one which I support. I am especially concerned about the enterprise allowance scheme operated by Manpower Services Commission, not because of its cost to the taxpayer as it in general merely replaces one form of benefit with another, but because of the potentially high failure rate of those receiving the allowance. With the attendant costs and riskiness of the would-be entrepreneur and for those to whom he owes money. The principle of providing financial support to those currently in receipt of unemployment

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SECTION II - INTERNATIONAL COMPANIES

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Citicorp hits record as retail earnings treble

BY WILLIAM HALL IN NEW YORK

CITICORP, the biggest banking group in the U.S. and one of the most active banks seeking a solution to the international debt crisis, yesterday reported a 19 per cent rise in its 1983 net income to a record \$800m.

The group's strong performance owed far more to a sharp recovery in earnings at its retail banking operations, however, where net income trebled to \$202m, than any upturn on its traditional international lending side.

Citicorp says the difficult economic environment was reflected in substantial credit write-offs and a higher level of non-accrual and renegotiated commercial loans. Strong business growth, including expanded fee income and commission revenues as well as asset interest revenue, helped offset these factors.

The group's net income in its fourth quarter rose a mere 4 per cent to \$20m, but the group says the quality of its loan portfolio improved. This was demonstrated by the \$445m decline in its non-performing loans since the end of the third quarter.

Net income per share for the full year rose 16 per cent to \$6.48 and the company's profitability, as measured by return on common stockholders' equity, rose from 15.9 per cent in 1982 to 16.5 per cent. Return on assets improved from 0.56 per cent to 0.67 per cent.

Over the year, total capital rose 23 per cent to \$9.8bn while assets rose only 4 per cent to \$13.5bn, with the result that the group's primary capital ratio rose above 5 per cent, in line with the bank regulator's wishes.

The group says after absorbing all known loan losses for the year of \$437m, earnings were charged an additional \$83m to increase the allowance for loan losses to \$766m at year end, where it equalled 96 basis points of total loans, up from 79 basis points a year ago.

Security Pacific yesterday reported a 3 per cent rise in fourth quarter net income to \$70.6m and a 13 per cent increase in full year net income to \$264.3m. Earnings per share for the year rose 11 per cent from \$6.53 to \$7.23.

Mr Richard Flanson, Security Pacific's chairman, said: "Lower interest rates and a revitalised economy produced strong consumer ac-

Locafit increases leasing business

By Our Milan Staff

LOCAFIT, the Italian leasing company controlled by Banca Nazionale del Lavoro (Italy's largest bank), last year increased its leasing business by 22.6 per cent, to a total of L481bn (\$234m).

The group's main leasing business rose by nearly 18 per cent, to L375.8bn, while its associates contributed the balance of new contracts. By far the best increase came from the Sud Leasing subsidiary, which began operating in southern Italy three years ago. Sud Leasing registered a 45 per cent rise in leasing business and its outstanding leasing assets of L127bn accounted for more than a quarter of overall business.

Dr Piero Mazzarino, president of Locafit, said yesterday that the BNL leasing company will soon enter into two joint ventures in the area of operative leasing. This is a business where the leasing company not only finances the transaction, but also handles the insurance, servicing, maintenance and technical control of the asset being leased.

The first of these ventures will be with Olivetti, the Italian data processing giant, and will begin on a 50-50 basis this spring. The initial capital will be L300m, rising to L2m in 1985. The second will be a joint leasing venture from April with JCB, a British earth moving equipment company based in Staffordshire. Locafit and JCB will start with an initial capital of L200m.

Computer units boost profits at Honeywell

BY TERRY BYLAND IN NEW YORK

HONEYWELL, the U.S. data processing and control systems group, boosted earnings last year due to a "sharp improvement" in its computer divisions. A net profit for 1983 of \$231.2m or \$5.03 a share compared with \$208.8m or \$4.80 at operating level in 1982. However, this figure excluded a \$66.3m capital gain, which lifted the final net to \$272.9m or \$6.08 a share. Sales rose 4.7 per cent to \$5.8bn.

The pace of growth slowed slightly in the final quarter when net earnings of \$61.9m showed a net gain of 4.4 per cent, with sales 3.8 per cent up at \$1.5bn.

Mr Edson Spencer, chairman of Honeywell, said the results had benefited from a fall in interest charges, which were more than halved to \$22.2m for the year. Profits from information systems, aerospace and defence business increased but the control systems and products divisions brought in lower earnings.

International earnings, traditionally more than a third of the total, were depressed by the strength of the U.S. dollar and by the sluggishness of recovery in international markets.

For 1984 Mr Spencer expects Honeywell to turn in further increases in both sales and earnings. Wang Laboratories, the big U.S. business systems and computer company, boosted second-quarter net earnings from \$34.7m or 27 cents a share, to \$47.8m or 35 cents, on revenues up sharply from \$387.5m to \$515.4m.

The company said the rise was achieved "despite increased competitive pricing practices within the industry, which continued adversely to affect profit margins."

The increase pushed earnings for the six months to December 31 to \$66.7m of 63 cents a share, against \$59.7m or 48 cents, with revenues up from \$672.8m to \$927.4m.

Wang said new orders rose 34 per cent to \$618m in the second quarter, compared with the second three months of 1983. The order backlog was up \$102m by the end of the latest quarter.

General Electric income tops \$2bn

By Our New York Staff

GENERAL ELECTRIC (GE), the U.S. electrical giant, pushed net income above the \$2bn mark for the first time in 1983, following improved margins and an exceptionally strong performance by its consumer-related business.

The group's net income rose 11 per cent from \$1.82bn to \$2.05bn in 1983, after a 1 per cent rise in sales from \$28.5bn to \$26.8bn. Earnings per share for the year were \$4.45 against \$4 for the year before.

Mr John Welch, GE's chairman, said the company's strong performance occurred in a year when significant actions were taken to position the company better for the decade ahead.

Research and development spending was up a fifth at \$2bn. GE's operating margin in 1983 rose from 9.1 per cent to 9.5 per cent following across the board action in the company to reduce break even levels, improve productivity and control overheads.

The group's consumer-related business turned in an exceptionally strong performance. Mr Welch said: "The combination of lower cost bases and increased demand from the weak 1982 levels led to impressive operating improvements, with major appliance earnings more than double those of a year earlier."

Sonessons expands drugs business

BY DAVID BROWN IN STOCKHOLM

SONESSONS, the Swedish engineering company majority owned by Volvo, is broadening its base in the pharmaceuticals sector with the acquisition of Ferruson, a small Swedish research and development company.

The new company will be merged with Leo, a drug company acquired by Sonessons last September, to form a new pharmaceuticals operation with annual sales of about SKr 800m (\$98.7bn), the fourth largest in Sweden. The planned introduction of Leo on the Stockholm Stock Exchange will be deferred until 1985, the company said.

Sonessons is an independently managed member of the Volvo group, and was acquired as part of the merger with Beijerinvest in 1981. It has expanded quickly through acquisitions over the past five years and recorded 1982 sales of SKr 2.9bn.

It made its first foreign share issue last June, raising £17.4m (\$24.28m) in the UK.

It is buying Ferruson from the Dutch banking company, Pogens International BV, for an unspecified price, which includes Leo shares. Ferruson will then be sold to Leo, giving Sonessons a 70 per cent interest in the new company.

Feruson has annual sales of about SKr 200m. It had pre-tax profits of SKr 8m for the 1982-83 budget year ending last April.

Oslo withdraws Aker offer

BY FAY GJESTER IN OSLO

NORWAY'S state-backed Ship Mortgage Institute has withdrawn its offer to have a Nkr 250m (\$31.8m) claim on Aker, the ship and platform building group, and has replaced it with a less generous scheme.

Aker has been in financial difficulties for almost a decade following the bankruptcy of the Bekstein shipping group, which was unable to pay for several large tanker orders.

The Institute's original debt reduction proposals, put forward last September, were intended to smooth a capital restructuring programme at Aker by encouraging the injection of fresh equity. Another aim of the debt write down was to reduce the stake in Aker held by Mr Fred Olsen's interests, which until now have held a 70 per cent shareholding.

The proposals have been withdrawn by the Institute because it was "dissatisfied" with the capital scheme which is the creation of Mr Olsen and his two potential partners, Asea, the heavy electrical equipment maker, and Norcem, the cement group.

The Institute also points out that Aker's financial situation has improved significantly since the original debt offer was made. Aker has disposed of its unprofitable subsidiaries.

Bid for NZ food group to go ahead

BY OUR FINANCIAL STAFF

WATTIES INDUSTRIES, the New Zealand food processing group, has recommended acceptance of a NZ\$450m (U.S.\$300m) bid from New Zealand Forest Products (NZFP) for control of the company.

NZFP holds 24.9 per cent of Watties after a dawn raid in mid-December and is seeking to increase its overall stake to 65 per cent. The remaining 35 per cent, for which NZFP is not bidding, is held by Doodman.

The forest products company is New Zealand's second largest group and the acquisition of control of Watties might see it return to the top of the market capitalisation league, pushing Fletcher Challenge into second place.

The partial takeover bid, of four NZFP shares plus NZ\$1 in cash for every five Watties ordinary shares, and mixtures of cash and shares for the food company's 22.5m issued preference shares, is still subject to approval.

Armco to show loss in quarter

By Our New York Staff

ARMCO, the diversified U.S. steel company, will report a fourth-quarter loss after adding \$75m to the reserves of its reinsurance subsidiary.

The company said yesterday that but for this reserve strengthening it would have been profitable in the quarter.

Olivetti buys into two software groups

By Alan Friedman in Milan

OLIVETTI, the Italian data processing group, is taking minority stakes in two private software companies as part of its venture capital investment programme.

The first acquisition is a 20 per cent stake in Editrice Italiana Software, a Milan-based company which specialises in the production and distribution of software for personal computers. Editrice Italiana's capital has been increased from L200m (\$118,000) to L1bn.

Olivetti has also purchased 20 per cent of Intersoft, a New York-based computer software firm which operates on the U.S. market under the "Lifeboat" trademark.

Consob, the Italian stockmarket regulatory authority, yesterday raised the deposit required for share purchases from 30 to 40 per cent.

GM set to sell Isuzu trucks

GENERAL MOTORS is to expand its Chevrolet and GMC truck lines in the U.S. by selling a new medium-duty model built by Isuzu Motors of Japan, in which GM owns a 34.2 per cent interest, Reuter reports.

GM said the low, forward tilt cab model will allow the group to compete in a segment of the truck market where it is not represented.

Mr Donald Atwood, executive vice-president, said sales levels in the segment do not justify GM investing to produce the trucks in North America. But he added that this might happen "eventually" if there is sustained growth in the market.

Finnish bank plans to raise share capital

By Lance Keyworth in Helsinki

KANSALLIS-Osake-Pankki (KOP), one of the big two commercial banks in Finland, has announced a new rights and bonus issue to open in March that will raise its share capital by FM 578m (\$68.1m) to FM 1.6bn.

The news surprised the securities market as it was only in September 1983 that KOP raised its share capital with the biggest ever new issue launched on the Helsinki Stock Exchange. This rights and bonus issue doubled its share capital to FM 1.2bn, putting KOP at the top of the exchange list in terms of equity.

The new flotation gives shareholders a one-for-three right to subscribe to FM 40m of new stock and a one for eight bonus issue totalling FM 132m.

The bank staff is reserved the right to FM 19m new shares. The shares are priced at FM 24 each (nominal value FM 20).

Inco combines U.S. and UK management

By Our Financial Staff

INCO, the big Canadian nickel producer, has brought its U.S. and UK nickel alloy manufacturing businesses under one management in a move which the company hopes will permit "more efficient and cost-effective" production.

Huntington Alloys, of Huntington, West Virginia, and Wiggins Alloys of Hereford have been consolidated into Inco Alloys International, with integrated worldwide marketing and sales capability. The new company will produce more than twice the tonnage of its nearest world competitor.

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Jordanian control for foreign banks

By Rami Khouri in Amman

THE JORDANIAN Government has formally notified foreign banks operating in the country that they have three years to put 51 per cent of their equity in the hands of Jordanian shareholders. A letter from the Industry Minister to the eight foreign banks in Jordan notified them that they had three years as of last December 27 to become "Jordanised" in compliance with a recent decision by the Government.

The eight banks are Grindlays, British Bank of the Middle East, Bank of Credit and Commerce International, Citibank, Chase, Almasheh Bank, Arab Land Bank, and Rafidain. The last three being banks licensed in Arab countries other than Jordan.

Foreign bankers have reacted strongly to the move and one or more are considering challenging the Government. The decision will bring banks in line with all other foreign companies operating in Jordan (except insurance companies) which have had to comply with majority local ownership provisions since 1967.

Several foreign banks have indicated privately that they might sell out completely to Jordanians and leave the country altogether, while others appear willing to keep a 49 per cent shareholding in their operations here if they can maintain control over the operation and policy of the banks.

It is likely that some of the foreign banks will maintain minority shareholdings and negotiate management contracts. All banks in Jordan must have a minimum paid-up capital of 3m Jordanian dinars (U.S.\$8.2m).

BHP on target for Utah acquisition by April

By MICHAEL THOMPSON-NOEL IN SYDNEY

BROKEN HILL Proprietary (BHP), Australia's biggest company, is close to finalising the details of its U.S.\$2.4bn acquisition of the Utah International resources group from General Electric of the U.S.—a move that will confirm its emergence as a major international resources concern. BHP said yesterday that "work on all aspects of the acquisition is proceeding and it is confidently expected that formal completion will occur in April 1984."

Delays have been caused by complex negotiations over the formation of a new Central Queensland Coal Associates (COCA) consortium, to handle Utah's Queensland coal mines. But, with yesterday's news that Bell Resources is close to completing negotiations to buy a five per cent stake in the new consortium at a cost of A\$138.75m (U.S.\$124.9m), the jigsaw is virtually complete. Bell Resources—formally called Wigmore—is a subsidiary of Mr Robert Holmes & Court's

fast growing Perth based Bell Group.

Under present plans, BHP itself will take a 35 per cent stake in the new A\$275bn COCA consortium, and GE will retain 15.5 per cent. Mitsubishi Development will hold 12 per cent; Australian Mutual Provident Society (AMP) 7.75 per cent; Bell Resources 5 per cent; and Pancontinental Mining, 3 per cent. Finally, 21.75 per cent will be held by a unit trust that BHP is forming. The trust is to make a takeover offer for UMAL Consolidated, which already owns an important stake in the existing COCA consortium.

UMAL shareholders will be offered 3.1 units in the Queensland Coal Trust (QCT) for every UMAL share held providing acceptances exceed 75 per cent. If they exceed 90 per cent the offer will be 3.2 units per UMAL share held. Shareholders will vote on the proposal at an extraordinary meeting on February 1. The

unit trust's issued capital could total as much as A\$452m, including the public issue of 100m units of A\$1.

In addition to its three per cent stake, Pancontinental Mining has an option to acquire an additional two per cent stake in the new coal consortium next year.

A separate consortium is being formed to take charge of Gregory Mine, at present wholly owned by BHP which will retain a 47 per cent interest. GE will take a 15.5 per cent stake in Gregory, QCT 21.75 per cent, and AMP 7.75 per cent.

Utah's non-Australian resources assets are being acquired solely by BHP. They include coal mines in New Mexico and Kentucky, and other mines in Canada and Brazil, as well as various undeveloped properties in the U.S., Chile, South Africa, and Indonesia.

BHP's strategy is to lessen its dependence on steel and steel-related areas

First-half advance at Toppan Printing

By Yoko Shibata in Tokyo

TOPPAN PRINTING, Japan's second largest printing company lifted unconsolidated pre-tax profits by 11.8 per cent to ¥14.3bn (\$70m) in the half year to November 30.

The improvement in earnings was attributed to brisk sales of precision electronic components, such as colour stripe filters for VTR cameras, LSI photomasks, and multilayer print circuit boards.

Net profits were 2.5 per cent higher at ¥7.8bn on sales of ¥264bn up by 11 per cent from the previous year. Profits per share were ¥17.6, compared with ¥17.51.

During the half year, sales in the securities products division rose by 8.1 per cent to account for 3.7 per cent of the total, thanks to the spread of cash cards to banks, credit companies, oil companies, and department stores.

Sales in the general products division accounting for 46.8 per cent of turnover increased by 14.3 per cent, helped by growth in advertisement printing and electronic precision components.

In the second half the precision electronics components to continue to increase by 20 to 30 per cent, thanks to rapidly expanding office automation equipment demand.

Full-year sales are expected to increase by 8 per cent to ¥285bn. Net profits are seen as rising to ¥16.2bn, up by 7.9 per cent.

The interim dividend is maintained at ¥4.5 per share and an unchanged total of ¥9 is forecast for the year.

Elders IXL to raise A\$326m

By OUR FINANCIAL STAFF

ELDERS IXL, the Australian pastoral and financial group, is seeking to raise up to A\$326m (U.S.\$295m) from an issue of shares and options in order to finance its proposed takeover of Carlton and United Breweries (CUB).

Elders made its A\$970m bid for CUB, the largest takeover move ever by one Australian company for another, in early December. In late December the company arranged a U.S.\$20m three-year loan on the

Euromarket.

The share placements are due to start in February when Elders will issue 20m ordinary shares at A\$4.20 each and 10m options to acquire fully paid ordinary shares until January 1 1987 at A\$4.50 each.

Elders is also proposing a conditional issue of up to 10m shares at A\$4.40 each as from April 18. This placement will be reduced depending on the number of acceptances by CUB shareholders of Elders' formal

share and cash offer for the whole company.

Elders has further advised underwriters that it may make a private convertible note issue to raise up to A\$200m. It has also informed brokers of its wish to cancel the shares held by CUB in Elders or to arrange for a distribution in specie of such shares once its takeover of the brewer is complete. At the time of the takeover CUB held 49.6 per cent of Elders.

Improvement at Reckitt and Colman Australia

By OUR SYDNEY CORRESPONDENT

RECKITT and Colman Australia, the diversified food, household products and services group which is 70 per cent owned by its UK parent, has reported a 41 per cent rise in net profits for the 12 months to October 31, to A\$16.8m (U.S.\$15.1m), on a turnover of A\$270m, up 6.3 per cent.

At the pre-tax level, profit was 46.5 per cent ahead, at A\$31.4m, producing consolidated operating profits of 28.7 cents a share. The final dividend is 8.5 cents a share, for a total of 16 cents per share, an increase in distribution of 4.3 per cent.

The company said the improved result in 1982/83 followed the disposal of unprofitable businesses. However, there were extraordinary losses of A\$1.8m.

In 1981/82, net profits for the

group fell by 32.5 per cent, to A\$11.9m.

LNC Industries, a major Australian motor vehicle importer, yesterday rejected Monday's A\$104m (U.S.\$93.6m) takeover offer of A\$3.25 per share from the Melbourne-based Liberman family. In trading yesterday LNC's share price touched A\$3.65, though counter-bidders have not yet appeared. A full statement of LNC's earnings picture is expected shortly.

Industrial Equity (IEL), the Sydney-based investment group master-minded by Mr R. R. Brierley, has extended its shareholding in Tasmania's Cascade Brewery to 47 per cent, compared with the estimated 45 per cent controlled by two rival co-bidders, B. Seppelt and C.C. Bottlers, of Adelaide. IEL is offering A\$5.75 per Cascade share.

Grand Marine puts debt restructuring into effect

GRAND MARINE Holdings, a 65 per cent-owned subsidiary of the failed Carrian Investments Company has put into effect a debt restructuring plan with its lenders worked out last September, reports AP-DJ from Hong Kong.

The plan extends for 24 years from last September 30. It provides for all of Grand Marine's net earnings from ship charters to go toward interest payments on loans. The earnings will not cover all interest payments or any principal payments, but the banks have apparently agreed to call in any loans.

"The agreement is a vote of confidence by the banks that the shipping market will improve," said Mr Aubrey Clark, the managing director of Grand Marine's operating units.

Trading in Grand Marine shares was suspended in January 1983 for several months after Carrian ran into liquidity problems. Carrian was ordered into liquidation after a debt restructuring agreement with its lenders fell through later in the year.

Grand Marine said it is reviewing its accounts for the 18

months ended June 30 and they will be released before the end of February. The company expects to seek a re-listing on stock exchanges soon afterwards.

Our Hong Kong correspondent adds that Goodyear Estates, the shares of which were suspended at the company's request on Monday, has been advised to go into liquidation.

Also yesterday Advance Finance, the deposit taking subsidiary of Goodyear, announced that its registration had been suspended and that it would cease operations immediately. Goodyear turned in net profits of HK\$49m (U.S.\$5.5m) in 1981-82 but faced substantial deficits after revaluing its property assets following the collapse of the market. Attempts to raise some HK\$100m from local business sources apparently failed last week.

INTERNATIONAL APPOINTMENTS

Landis & Gyr chairman designate

Dr Georg Krneta is to be nominated as a board member of LANDIS & GYR, at the company's annual meeting on March 3. It is intended that he should succeed Dr Andreas Brunsweiler as board chairman. At the same time, Mr Dieter Szy is to succeed Mr Gottfried Straub as managing chairman.

GENERAL ACCIDENT INSURANCE has made the following Promotions:—Mr J. DeStefano has been promoted to senior vice-president, claims; Mr Russell M. Waters has been named vice-president, investments; Mr Harry C. Niemann III has been promoted to vice-president, personal property underwriting; Ms Mary Beth Stampo has been appointed assistant vice-president; and Mr Al G. Pomerantz has been promoted to assistant vice-president, information services division.

Mr Gerald N. Parkes has been appointed a senior vice president and member of the board of RICHARD ELLIS, INC., international real estate consultants. He is based at the New York headquarters and is responsible for co-ordinating property acquisition efforts for institutional investor clients.

Mr J. Frederick Van Francken, Jr, has joined the investment and research and management firm of SANFORD C. BERSTEIN & CO. INC. as senior vice president, syndicate and corporate services.

FIRST BANK SYSTEM INC. has elected Mr William F. Farley executive vice president and chief financial officer. He is senior vice president of finance and chief financial officer for Alexander & Alexander Services Inc, New York.

Mr G. Howell has been appointed to the board of SOUTH WALES ELECTRIC (PRIVATE) as chairman. South Wales Electric, a Hawker Siddeley company is based in Zimbabwe and manufactures transformers for transmission and distribution systems, high voltage distribution and power station switchgear and is also involved in the merchandising and servicing of electric motors and diesel engines.

Mr John Erasmus, president of New York University, has been redesignated chairman of the board of the FEDERAL RESERVE BANK OF NEW YORK and Mrs Gertrude G. Nicholson, senior vice president of R. H. Macy & Co, was re-appointed deputy chairman. The appointments are for one year.

Mr Jacques Thaler, Mr Christian Aeschlimann and Mr Edward Balak have been appointed managers of SCHWEIZERISCHE REEDEREI UND NEPTUN, a Basle shipping company.

THE SAUDI BASIC INDUSTRIES CORP (SABIC) has appointed Mr H. E. Almazil A. Alzamil, formerly vice chairman and managing director of SABIC, to Minister of Industry and Electricity and chairman of the board of SABIC. Mr H. E. Ibrahim A. Ibn Salamah has been promoted to vice chairman and managing director of the

corporation replacing Mr H. E. Almazil A. Alzamil. He was director-general of planning and projects evaluation with SABIC.

ISUZU MOTORS' vice president, Mr Kazuo Tobiyanama, is to replace Mr Toshio Okamoto as president. Mr Okamoto, 78, has decided to retire, but he will be an adviser in the company and will remain a member of the board.

Mr Bryan J. Walsh is joining MORGAN STANLEY AND CO INC, New York, as vice president and treasurer. He came from the Irving Trust Company where he was senior vice president in the foreign exchange and international funding division of the bank.

Mr Thomas Weigschelder has been appointed chairman of the managing board of BANK FUER GEMEINWIRTSCHAFT, of West Germany. Mr Hans Joachim Klepke was named deputy chairman.


U.S. \$135,000,000
The Swan Brewery Company Limited

14 3/4% Limited Subordination Debentures due December 15, 1998

(Interest payable June 15 and December 15)

The undersigned acted as Financial Advisor in The Swan Brewery Company Limited in connection with this transaction.

Ocean Capital Corporation

500 Park Avenue
New York, New York 10022
Telephone (212) 758-7780
Telex 862186-OCEAN

December 21, 1983

U.S. \$250,000,000



Credit Lyonnais

Floating Rate Notes Due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 18th January, 1984 to 18th July, 1984 the Notes will carry an Interest Rate of 10 3/4% per annum. The interest amount payable on the relevant Interest Payment Date which will be 18th July, 1984 is U.S. \$515.03 for each Note at U.S. \$10,000.

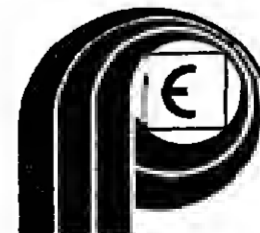
Credit Suisse First Boston Limited Agent Bank

U.S. \$175,000,000
National Westminster Finance B.V.
(Incorporated in The Netherlands with limited liability)
Guaranteed Floating Rate Capital Notes 1991



In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 18 January to 18 July, 1984 the Notes will carry an Interest Rate of 10 3/4% per annum. The interest payable on the relevant interest payment date, 18 July, 1984 against Coupon No. 6 will be U.S. \$259.10.

By The Chase Manhattan Bank, N.A., London Agent Bank



European Economic Community (E.E.C.)

BF 1.500.000.000

Private placement 11.5% 1984-1993

Arranged by BENELUX BANK

January, 1984

This announcement appears as a matter of record only

INTL. COMPANIES & FINANCE

Ford Motor kills two birds with one stone in Mexican outlay

BY WILLIAM CHISLETT IN MEXICO CITY

FORD MOTOR COMPANY'S decision to build a \$500m export-orientated factory in Mexico kills two birds with one stone. It enables the company to meet the requirements imposed by the Mexican Government last September on the country's depressed motor industry and it enhances Ford's prospects in the battle for the U.S. small-car market.

The venture, believed to be the largest single investment in the Mexican motor industry, will be located at Hermosillo, which offers low-cost labour, less than 200 miles from the U.S. border. Production of 130,000 cars a year will begin at the end of 1986 and most will go to the U.S.

Ford, the third largest producer in Mexico, is secretive about the kind of car it will manufacture and in particular about the degree of Japanese participation, touching on a sensitive issue in the U.S.

Less than 48 hours after Ford announced the deal this month, Chrysler sought an injunction in the U.S. courts on anti-trust grounds against General Motors' proposed small-car venture with the Toyota Motor Company in California.

Mr O. B. Marx III, Ford's new managing director in Mexico, said the car would draw on Ford's "worldwide resources" and that the Japanese content would be "significant", particularly in the field of components. He declined to comment on widespread reports that the car will be designed by Toyo Kogyo, Ford's Japanese affiliate. "At this stage we do not want to give anything away to our competitors," he said.

Ford owns 23 per cent of Toyo Kogyo, the maker of Mazda cars. Ford's approach seems to mirror its policy in the Pacific region. In Australia and Taiwan, for example, Ford sells the Toyo Kogyo GLC and 626 models as the Ford Laser and Telstar.

Ford's venture differs from the General Motors deal in that its Mexican plant is to be wholly owned and managed by the American company, whereas the General Motors-Toyota plant is to be managed by the Japanese, and jointly-owned.

Rising Federal fuel economy standards have triggered the battle for the U.S. small-car

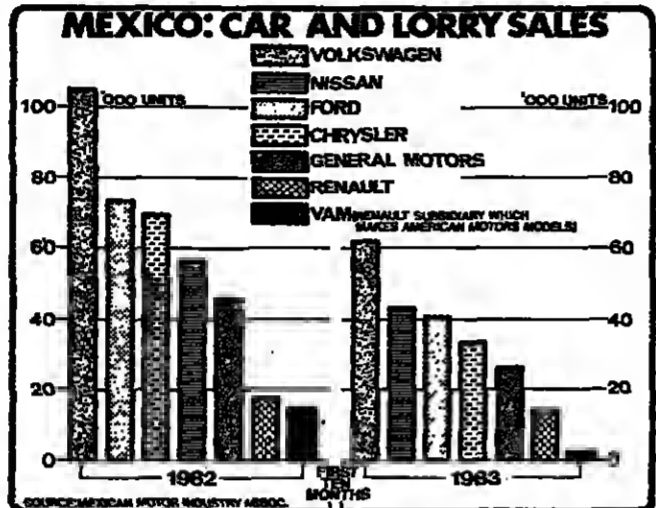
market. Compacts and sub-compacts currently account for almost two thirds of the total market, with imports, most of them Japanese, taking up 40 per cent.

The main factor, however, behind the Ford venture is that its new plant enables it to comply with the Mexican Government's regulations on streamlining the motor industry, and making it more competitive, and self-sufficient in foreign exchange.

The Government has decided

to take a scalpel to the industry at the very moment it is in its most prolonged recession, because of the country's economic crisis. Car and lorry sales were down 43.4 per cent in the first 10 months of 1983, to 221,435.

The Decree prohibits the



manufacture of eight-cylinder cars after November this year, impedes companies from running a foreign exchange deficit, and stipulates that by 1987 all cars manufactured in Mexico must have at least 60 per cent local content. The Government is also insisting that companies produce "austere" cars, meaning cars without such extras as air-conditioning, in respect of a fifth of their output this year.

Not only must Ford balance its foreign exchange account, but it also has a \$500m foreign exchange obligation to clear.

This obligation was contracted in the boom years of 1980 and 1981 when Ford, along with other car companies, obtained permission to increase its imports of components over the then permitted levels in order to meet demand for cars.

In return for this, Ford agreed in 1981 to balance out the amount through increased

exports over the three-year period 1984 to 1986. Chrysler has a large similar obligation, and is studying ways to meet it.

Mr Marx says that failure to clear the obligation would mean the gradual squeezing of Ford out of Mexico, since imports would cease to be authorised.

The Government has agreed to extend the obligation period. The Hermosillo plant is planned to generate net foreign exchange earnings of \$280m a year after 1986.

Meanwhile, Ford is taking advantage of the provision in the Decree which allows manufacturers in 1984 and 1985 to set off up to 20 per cent of their foreign exchange commitments against exports of non-automotive products. Ford is exporting lead oxide, zinc and honey, while Volkswagen is exporting coffee.

The new decree will entail a major shake-up of the motor industry. Other car producers are studying ways to comply with it. Renault, which is buying the Mexican Government's share in Renault de Mexico, to give the French group 92 per cent, is also acquiring the Government's stake in VAM, the Mexican associate of American Motors, to build an engine plant.

Most of the engines will be exported to American Motors in the U.S., in which Renault has a 46 per cent shareholding.

Now that Ford has resolved its car issue—and is running full-page advertisements proclaiming its "confidence" in Mexico's "promising" future—the company will turn its attention to the problem of what to do with its heavy lorry division here.

This division accounts for 15 per cent of Ford's business in normal times. The Government has ruled that only those companies with majority Mexican capital (the motor industry is majority foreign-owned) will be able to manufacture heavy diesel lorries after 1986. The government hopes this ruling will revive the fortunes of DINA, its ailing lorry concern.

Ford may withdraw from this sector, says Mr Marx, unless an alternative acceptable to both sides is found.

This advertisement complies with the requirements of the Council of The Stock Exchange.

18th January, 1984

R&I

The Rural and Industries Bank of Western Australia

Licensed Deposit-Taker

(a statutory corporation established under the Rural and Industries Bank Act, 1944-81)

Guaranteed by the Government of the State of Western Australia (under Section 49 of the Rural and Industries Bank Act, 1944-81)

**U.S. \$50,000,000
12% Deposit Notes due 1991**
Issue Price 100%

The following have agreed to make a deposit and accept as evidence thereof the above Notes:

- | | |
|---|--|
| Orion Royal Bank Limited | Morgan Guaranty Ltd |
| Bank of Tokyo International Limited | Banque Nationale de Paris |
| Barclays Bank Group | Baring Brothers & Co., Limited |
| Chase Manhattan Capital Markets Group | Chemical Bank International Limited |
| Chase Manhattan Limited | County Bank Limited |
| Commerzbank Aktiengesellschaft | Deutsche Bank Aktiengesellschaft |
| Credit Suisse First Boston Limited | Morgan Stanley International |
| Kleinwort, Benson Limited | Salomon Brothers International |
| Nomura International Limited | Wardley |
| Swiss Bank Corporation International Limited | |
| Westdeutsche Landesbank Girozentrale | |

The 10,000 Notes of U.S.\$5,000 each have been admitted to the Official List of The Stock Exchange, subject to the issue thereof. Interest on the Notes will accrue from 16th February, 1984. Interest shall be payable annually in arrears on 16th February in each year.

Particulars of the Issuer and the Notes are available in the Extel Statistical Service and may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 1st March, 1984 from:—

- | | | |
|---|-----|--|
| Orion Royal Bank Limited,
1 London Wall,
London EC2Y 5JX | and | Strauss Turnbull & Co.,
3 Moorgate Place,
London EC2R 6HR |
|---|-----|--|

INVEST IN 50,000 BETTER TOMORROWS!

80,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS — the cause and cure of which are still unknown — HELP US BRING THEM RELIEF AND HOPE. We need your donation to enable us to continue our work for the CARE AND WELFARE OF MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH. Please help—Send a donation today to: Room F.1 The Multiple Sclerosis Society of G.E. and N.L. 286 Munster Road Fulham, London SW6 6BE

Svenska Handelsbanken

(Incorporated in the Kingdom of Sweden with limited liability)
U.S. \$35,000,000 Floating Rate Notes due 1987
(subordinated as to payment of principal and interest)
In accordance with the terms and conditions of the above mentioned notes, notice is hereby given that the rate of interest for the six months from 18th January 1984 to 18th July 1984 has been fixed at 10 1/2% per annum and the amount payable on coupon No. 8 will be US\$52.14
Agent Bank
Nordic Bank PLC

All of these securities having been sold, this announcement appears as a matter of record only.



U.S. \$135,000,000

The Swan Brewery Company Limited

14% Limited Subordination Debentures due December 15, 1998

(Interest payable June 15 and December 15)

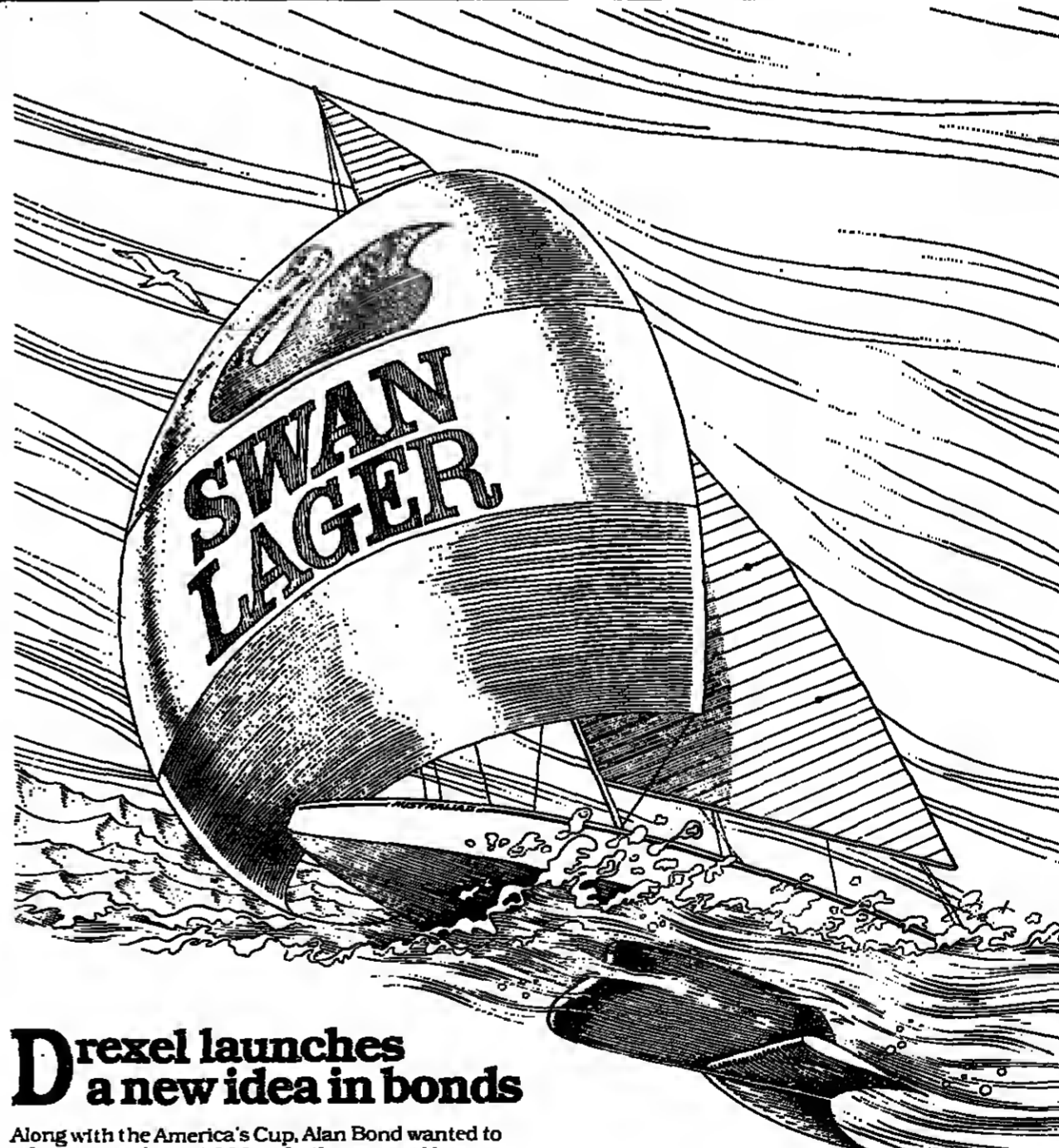
Price 99.253%

plus accrued interest from December 15, 1983

Copies of the Prospectus are obtainable from the undersigned.

Drexel Burnham Lambert

December 21, 1983



Drexel launches a new idea in bonds

Along with the America's Cup, Alan Bond wanted to take home \$135,000,000 to further expand his Swan Brewery Company.

But he ran into an obstacle. Bonds issued in the U.S. by foreign companies ("Yankee bonds") have traditionally been for the very largest, globally recognized names. His regional Australian company didn't qualify.

When it became clear that traditional investment banking alternatives would not provide the answer, Bond turned to Drexel Burnham Lambert.

Opportunity in Disguise
Drexel concluded that the "obstacle" was really an opportunity in disguise. To meet Swan's needs, they designed Wall Street's first foreign subordinated debt issue, which was rated B/B2. Read about it in the adjacent ad.

Taps U.S. Dollar Market
As the leading Wall Street daily said, "All are watching the issue...it could open the vast reservoir of

U.S. dollars to companies who previously have been unable to tap it." For the less-than-giant companies of the world, this new "Yankee bond" market is the sole source of long-term, fixed-rate subordinated debt. It is one instance of many in which Drexel Burnham Lambert's commitment to solving clients' problems has resulted in a market innovation. If subordinated Yankee bonds could be the key to your company's future, contact Frederick H. Joseph, Senior Executive Vice President, at (212) 480-8035. Telex: 420710BCOWUI

Drexel Burnham Lambert
55 Broad Street, New York, New York 10004

MINING NEWS

UK COMPANY NEWS

Good December quarter at Johnnies gold mines

BY GEORGE MILLING-STANLEY

THE SOUTH AFRICAN gold mines in the Johannesburg Consolidated Investment Co. ("Johnnies") stable have concentrated a great deal of attention on improving operating efficiencies in the December quarter, and this is reflected in the figures.

Beyond that, the group's centralised gold and currency dealing department has scored some spectacular successes in the futures markets, enabling the two mines to report doubled profits in the latest period.

South Africa's mines were given permission to sell their production forward some time ago, and Western Areas has successfully reduced its vulnerability to a falling gold price while the development work vital for the mine's future is carried out.

In addition, the mines are now allowed to receive payment in dollars, and to hold the U.S. currency for up to seven days before converting it into rands.

Western Areas has used both of these factors to advantage, and now reports an average gold price received, including the effects of hedging transactions in gold and currencies, of R15,721 per kilogramme, well in excess of any of the other mines in the past three months.

Randfontein Estates had no need to hedge its gold production, but even here assets use of the currency markets helped the mine to average a gold price of R15,001 per kilogramme, around R900 better than the other mines which have reported so far.

With a higher milling rate, an unchanged gold grade, and a small reduction in working costs,

Randfontein turned in a respectable improvement in operating profits.

This, allied to a sharply lower tax charge consequent on the jump in capital expenditure, left the mine with net profits of R23.3m (£4.9m), compared with the September quarter's R41.4m.

Capital spending rose from R10.97m to R2.31m, with R31m of this going towards the development of the new Doornkop section.

Western Areas also increased its milling rate and maintained its gold grade, leading to lower costs. Capital spending of R15.75m, up from R5.17m, gave rise to a tax credit of R1.76m, against a charge last time of R1.75m.

The latest figures are compared in the accompanying table.

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Tunstall beats USM forecast by 15.8%

WITH A BUOYANT market, Tunstall Telecom Group has exceeded last June's USM prospectus forecasts by 15.8 per cent.

Mr Michael Dawson, chairman, states that the higher full year profits of £1.36m, against £1.17m, were due to a more than anticipated increase in turnover.

He adds that further significant growth in turnover is supported by excellent results in the first quarter of the current year.

Turnover for the year to September 30, 1983 expanded from £3.95m to £5.89m, from which an operating profit of £1.36m (£524,000) was made. The taxable result included interest receivable of £88,000 (£10,000), and was after interest payable of £56,000 (same).

As forecast, the final dividend payment is 0.25p net per 5p share.

Tunstall is the leading UK manufacturer and supplier of elderly persons emergency communications equipment.

The company's order book is strong and is expected to show a satisfactory increase. The chairman says that demand for access control systems is also encouraging, and adds that orders to date are already in excess of the previous year.

Factory floor area is currently being doubled, and the company's new extension is on schedule for completion in April.

The company is also in the process of upgrading its electronic assembly, flow soldering and quality assurance capabilities, and will shortly introduce the first phase of automation in the assembly shops.

It is continuing its policy of retaining all the major functions in-house to maintain maximum profitability, flexibility and technological experience. Several new products will become available from its development programme this year for application in both traditional and alternative markets.

Field service capabilities are also being upgraded.

MFI up 38% at halfway —dividend raised to 1.7p

AN INCREASE in pre-tax profits of 38 per cent lifted MFI Furniture Group's results from a restated £11.32m to £15.63m for the six months to November 26 1983.

On the strength of this improvement, the interim dividend is raised from 1.4p per 10p share to 1.7p, last year's final being 2.3p.

Earnings per share were 5.06p, against 3.54p, at halfway.

Mr A. C. Southon, chairman, says that turnover in the first half—up 30 per cent at £136.2m compared with £105.01m—continued the strong upward trend experienced last year.

He adds that since the end of the first half trading has been satisfactorily up on the "very buoyant" figures of the previous year. The initial weeks of the New Year sale have given promise of another successful year.

Trading margins remain similar although, Mr Southon

says, increased volume in the first half enabled net profit margins to improve from 10.5 per cent to 11.5 per cent.

Tax charge was £8.6m (£5.2m) and after dividends, £3.35m (£2.41m), the amount retained was £5.69m (£3.72m).

During the six months, the

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

TODAY
Banks, Gowry, Fleming Technology Investment Trust, A. and J. Geller, Finlay—Anglia Television, Bent Brothers, Goring Kerr, Hewitt, Teas, Tate and Lyle.

FUTURE DATES
Allen (W. G.) (Tipton) Jan 27
Bovon (O. F.) Jan 28
Brown (John) Jan 31
Davy Corporation Jan 20
Goreau Jan 24
Graham House Jan 20
Somerville (William) Jan 20

Finals—
Canadian Pacific Enterprises ... Feb 13
Derby Trust Jan 26
Hayden Jan 27
Mill and Smith Jan 26
Ladies' Fashions Feb 21
Leing Properties Mar 20

group opened seven new branches, four of which were moving from smaller premises. The company extended three and closed four.

Since November, two branches have been opened and one extended.

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ANNUAL MEETINGS
Burton Group sales 35% ahead

SALES so far this year at Burton Group were running 35 per cent ahead of the same time last year, Mr Ralph Halpern, the chairman, told members at the AGM. He said that 300,000 sq ft of trading space are expected to be added this year, twice the amount in 1983—capital expenditure is likely to exceed £50m this year.

Good progress is being made towards meeting the group's objective of increasing its share of the UK clothing market—currently almost 5 per cent.

In the last full year, pre-tax profits grew from £21.31m to £39.12m on turnover of £299.17m (£231.94m).

A significant reduction in profits for the first six months in February 1984 was expected at Adam Leisure Group, Mr C. A. Rycroft, chairman, told the annual meeting.

Bad publicity surrounding the video game industry had led to a substantial decrease in sales of image video games. Although sales of this group which makes electronic goods and toys were on budget for the first two months of his year, expectations for a satisfactory Christmas period did not materialise.

The group had decided to reduce its activity in video games.

However, Mr Rycroft said he had seen a brighter note at the recent Harrogate Toy Fair where a new line-up of Grandstand electronics games by Adam Imports was received with enthusiasm, as was a newly structured range of toys by Hales.

He was also encouraged by excellent prospects for the introduction of the new Gavilan mobile computer scheduled for the end of the first quarter of 1984, and felt confident of the group's future growth.

In the last full year, pre-tax profits of this company, which trades its shares on the Unlisted Securities Market, amounted to £3.03m, on sales of £20.68m.

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MIM rails coal from Newlands

THE FIRST coal has been railed from the Newlands open-cut mine in Queensland to MIM Holdings to the port at Abbot Point.

Newlands is part of the Australian group's A\$300m (£510m) coal expansion programme which also includes major extensions of the Collinsville coal mine, construction of Abbot Point, the rail line and the town of Glendon.

The first trainload from Newlands was 3,800 tonnes of unwashed steaming coal, part of a

total consignment of 32,000 tonnes of bedding coal required for the port will come from Newlands and the balance from Collinsville. It is expected to complete the despatch of the bedding coal by the end of this month and to start railing washed coal early in February.

Another coal first is reported from Canada where Teck

Corporation's 51 per cent-owned C3300m (£170m) Bullmoose mine in British Columbia is making its initial shipments of metallurgical coal to Japanese buyers.

The first load of 59,000 tonnes has now left the new port of Ridley Island. Further shipments will raise the total for this month to 151,000 tonnes.

The other partners in Bullmoose are the Rio Tinto-Zinc group's Lorhex Mining (39 per cent) and Japan's Nissho Iwai (10 per cent).

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Reorganisation leaves David S. Smith in loss

STRUCK after reorganisation costs of £227,000, photolitho printed packaging material manufacturer David S. Smith (Holdings) suffered taxable losses of £152,000 for the six months ended October 31 1983, compared with profits of £210,000. Sales fell from £2.98m to £2.45m.

The interim dividend has been cut to 1p (2.5p) net per share—last year's final was 1p and following second half losses the 1982/83 pre-tax balance was £120,000.

In order to restore the company's profitability, directors have moved the executive, commercial and accounting functions to the works in Neath. This has enabled Smith to restructure the management as a result of which several employees have left, including W. H. Burdett, the works director.

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Property sales boost Parkdale's interim result

Parkdale Holdings of Leeds has more than doubled its pre-tax interim profit from £52,419 to £145,530 in the six months to October 31 1983. The result was boosted by £67,316 from the disposal of trading properties.

Net revenue on Kerry House, Leeds, which was acquired last year for £354,683 and refurbished, have increased rental income by £4,305 to £49,728.

The financial services division, which contributed £31,436 (£16,996) to the half-year results, is continuing to expand. A jointly-owned unit trust management group is being set up to broaden the division's client base and its range of services.

Group turnover in the opening half improved from £370,122 to £505,826. Tax was higher at £48,000 (£25,000), and earnings per 10p share were 1.25p.

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GUINNESS
'A year of achievement'

Lord Iveagh, Chairman

- ♥ Group restructuring completed
- ♥ Record profits before tax of £58.8m - up 24%
- ♥ Earnings per share - up 33%
- ♥ Borrowings cut to £48m - down 41%
- ♥ Final dividend 4.10p net - up 12%



ARTHUR GUINNESS AND SONS PLC

Please send me a copy of the 1983 Report & Accounts when available.

Name _____

Address _____

Arthur Guinness and Sons PLC
10 Albemarle Street, London W1.



Notice of Annual General Meeting

The Shareholders of Perstorp AB are hereby convened to an Annual General Meeting to be held on Saturday, 28th January, 1984 at 10 a.m. at Persgård, Perstorp AB's employee centre in Perstorp, Sweden.

Agenda

1. Election of a Chairman to preside at the meeting.
2. Preparation and approval of a voting list.
3. Election of two people to approve the minutes.
4. Examination of whether the meeting has been properly convened.
5. Presentation of the Annual Report, the Auditors' Report, the Consolidated Accounts and the Auditors' Report on the Group.
6. Resolutions to be passed in respect of:
 - (a) adoption of the Profit and Loss Statement, the Balance Sheet, the Consolidated Profit and Loss Statement and the Consolidated Balance Sheet;
 - (b) appropriation of the Company's profit according to the adopted Balance Sheet; and
 - (c) the Directors' and the Managing Director's discharge from liability.
7. Approval of the Board of Directors' and the Auditors' fees.
8. Election of the Board of Directors, the Auditors and Deputy Auditors.

In order to take part in the Annual General Meeting, Shareholders must be registered in the Shareholders' Register maintained by the Swedish Securities Register Centre (Värdepapperscentralen VPC AB) not later than Wednesday, 18th January, 1984. Shareholders who have placed their shares in trust must temporarily re-register the shares in their own names to allow them to participate in the meeting. Such re-registration must be made not later than Wednesday, 18th January, 1984.

Notification of participation in the Annual General Meeting must be given to Perstorp AB no later than Wednesday, 25th January, 1984 at 3 p.m.:

By telephone, by calling (010) 46 435-38286 (direct number).

By mail, addressed to Perstorp AB, P.O. Box 5000, S-284 00 Perstorp, Sweden.

The Company will confirm receipt of notice of participation by sending an admission card to be shown at the meeting. This confirmation will also include a detailed description of the most suitable route to Persgård.

The Board of Directors has decided to propose that the record day for dividend be 1st February, 1984. Should this resolution be passed, it is anticipated that the dividend will be distributed by the Swedish Securities Register Centre on Wednesday, 8th February, 1984.

Perstorp, January, 1984.

The Board of Perstorp AB.

UK COMPANY NEWS

'Slight but steady' increase at Electronic Machine

ALTHOUGH only just above breakeven at the pre-tax level, the final five month result from Electronic Machine shows a 'slight but steady improvement', the directors state.

The directors point out the cost of reorganising Ellis, though heavy, has been borne without overall detriment to group's liquidity, which continues to improve.

Since the end of the period, Davin has signed an overseas marketing agreement for night vision devices with a division of the Schlumberger group, which the company expects to be of significant benefit in the medium term.

Western Board Mills advances to £948,000

Taxable profits of Western Board Mills for the six months to September 30 1983 improved from £882,000 to £948,000. Similar results had been expected.

Lincroft Kilgour expands to £0.7m

FOLLOWING a turnaround from losses of £56,000 to profits of £293,000 in the cloth merchant division at the Lincroft Kilgour Group, pre-tax profits expanded sharply from £250,000 to £685,000 for the year to the end of September 1983.

Profits were struck after redundancy and closure costs of £111,963 (£204,207). A divisional analysis of pre-tax profits shows: uniform manufacturing £186,000 (£139,000); bespoke tailoring £54,000 (£82,000); cloth merchants £293,000 (loss £56,000) (£149,000). Holding company overheads of £34,000 (£74,000) were deducted.

Countryside Properties maintains growth

FOR THE third successive year Countryside Properties has increased profits and prospects are 'most encouraging', the directors state.



Are you one of those people who start the year with a whole bunch of good intentions, setting high goals for a successful new year? Well—this is precisely what most companies do for the 366 days to come.

Johannesburg Investments Consolidated Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31st DECEMBER 1983 WITH COMPARATIVE FIGURES FOR THE PREVIOUS QUARTER

Randfontein Estates

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited. Issued capital: R12,227,100 (Divided into 61,133,850 shares of R2 each)

Table with 3 columns: Quarter ended, Year ended, and various financial metrics like Gold, Revenue, Working costs, Profit, etc.

Table with 3 columns: Quarter ended, Year ended, and various financial metrics like Revenue from gold, Working costs, Profit from gold, etc.

Table with 3 columns: Quarter ended, Year ended, and various financial metrics like Revenue from gold, Working costs, Profit from gold, etc.

Western Areas

Western Areas Gold Mining Company Limited. Issued capital: R40,800,000 (Divided into 40,800,000 units of stock of R1 each)

Table with 3 columns: Quarter ended, Year ended, and various financial metrics like Gold, Revenue, Working costs, Profit, etc.

Table with 3 columns: Quarter ended, Year ended, and various financial metrics like Revenue from gold, Working costs, Profit from gold, etc.

Table with 3 columns: Quarter ended, Year ended, and various financial metrics like Revenue from gold, Working costs, Profit from gold, etc.

Elsburg

Elsburg Gold Mining Company Limited. Issued capital: R30,333,000 (Divided into 30,333,000 units of stock of R1 each)

Table with 3 columns: Quarter ended, Year ended, and various financial metrics like Revenue from gold, Working costs, Profit from gold, etc.

Copies of these reports are available on request from the offices of: Barnato Brothers Limited, 91 High Street, London EC2M 6JX, England

SAMPLING RESULTS

The values shown in the following tabulations are the actual results of sampling reef development. No allowance has been made for any adjustments which may be necessary when computing ore reserves.

Table with columns: Quarter ended, Year ended, and various metrics for COOKE SECTION.

RANDFONTEIN SECTION

Table with columns: Quarter ended, Year ended, and various metrics for RANDFONTEIN SECTION.

ORE RESERVES AT 30th SEPTEMBER

Table with columns: Quarter ended, Year ended, and various metrics for ORE RESERVES AT 30th SEPTEMBER.

VENTERSDORP CONTACT REEF, ELSBURG MASSIVE REEF AND ELSBURG INDIVIDUAL REEFS

Table with columns: Quarter ended, Year ended, and various metrics for VENTERSDORP CONTACT REEF, ELSBURG MASSIVE REEF AND ELSBURG INDIVIDUAL REEFS.

MIDDLE ELSBURG REEFS

Table with columns: Quarter ended, Year ended, and various metrics for MIDDLE ELSBURG REEFS.

ORE RESERVES AT 30th SEPTEMBER

Table with columns: Quarter ended, Year ended, and various metrics for ORE RESERVES AT 30th SEPTEMBER.

MIDDLE ELSBURG REEFS

Table with columns: Quarter ended, Year ended, and various metrics for MIDDLE ELSBURG REEFS.

Table with columns: Quarter ended, Year ended, and various metrics for DIVIDEND DECLARED (R000).

COMPARATIVE ORE RESERVES AT VARIOUS GOLD PRICES

Table with columns: Goldmarket price, Tons, Average value, and various metrics.

COOKE NO. 3 SHAFT

Equipment of the shaft and stations, and the change-over of the hoists, are complete ahead of schedule and the shaft has reached a depth of 19 metres.

DOORNOOP SECTION

The establishment of the services required for sinking the ventilation shaft are complete. Pre-sink has commenced and the shaft has reached a depth of 19 metres.

PRODUCTION

GOLD production was 2,542,000 tons (2,599,000 tons) from 101 surface shafts and 10 shafts.

COOKE PLANT

Extensions to the uranium section are progressing with a consequent increase in throughput.

CAPITAL EXPENDITURE

Table with columns: Quarter ended, Year ended, and various metrics for CAPITAL EXPENDITURE.

LONG-TERM LOANS

Table with columns: Quarter ended, Year ended, and various metrics for LONG-TERM LOANS.

DIVIDEND

Dividend No. 97 of 800 cents per share was declared on 10 December 1983, payable to members registered at the close of business on Friday, 27 January 1984.

COMPARATIVE ORE RESERVES AT VARIOUS GOLD PRICES

Table with columns: Goldmarket price, Tons, Average value, and various metrics.

PRODUCTION

The uranium treated from underground was supplemented by 110 100 tons (82 500 tons) from surface sources.

TRINITY

The tonnage treated decreased by 10 000 tons to 151 000 tons. Despite an improved reef the lower throughput resulted in a production decrease of 2 794 kilograms.

No. 3 SUB-VERTICAL SHAFT

Sinking advanced by 9 metres to 1 340 metres below the collar and lining was completed by 10 metres to 1 482 metres. On 9th Dec the station in its turn excavated and haul and slinging of the pump chamber has been completed.

CAPITAL EXPENDITURE

Table with columns: Quarter ended, Year ended, and various metrics for CAPITAL EXPENDITURE.

LONG-TERM LOANS

Table with columns: Quarter ended, Year ended, and various metrics for LONG-TERM LOANS.

DIVIDEND

Dividend No. 181 of 40 cents per unit of stock was declared on 20 December 1983 payable to members registered at the close of business on Friday, 27 January 1984.

FORWARD SALES

The company has sold forward a significant portion of gold production expected over the next nine months in order to reduce revenue and thereby reduce the company's vulnerability to operating losses.

Continental & Indstl.

At end-November, 1983 net asset value per ordinary share of the Continental & Industrial Trust, investment trust, totalled £50.3p.

Centrovincial ahead

Compared with £11.22m last time, while the 1983 dealing profits of £248,000, pre-tax revenue of Centrovincial Estates, property investment and development company, amounted to £1.5m for the half year ended September 30 1983.

Yearlings unchanged

The interest rate for this week's issue of local authority bonds is unchanged from last week at 9.75 per cent and compares with 9.5 a year ago.

Armour Trust

Armour Trust, industrial holding company with interests in confectionery manufacture, lifted its pre-tax profits by £400,000 to £121,000 over the six months ended October 31 1983.

Westpool Inv.

Pre-tax profits of Westpool Investment Trust, investment holding company, were unchanged at £1.19m, compared with £1.14m, for the opening six months to October 31 1983.

Lake & Elliot

The annual meeting of Lake and Elliot is scheduled for 2.30 pm next Friday, January 20, at the Sports and Social Club, East Street, Bramley, Essex. The date and venue shown in Monday's Financial Diary were in error.

Set yourself a goal - together with us.

The emphasis on this personal touch should also be reflected in our customer relationships. Despite home banking and personal computers, we continue to believe in the personal relationship which creates the confidence so important to our success.

Are you one of those people who start the year with a whole bunch of good intentions, setting high goals for a successful new year? Well—this is precisely what most companies do for the 366 days to come.

Group tax for the first half took £45,000 (£384,000) and earnings emerged at 0.86p (0.5p) per share.

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BIDS AND DEALS

Stenhouse Holdings advises bid acceptance

THE BOARD of Stenhouse Holdings, Glasgow-based insurance broker, has told its shareholders that they should accept a £52.9m bid from Reed Stenhouse, Canadian-based insurance broker, an associate of Stenhouse.

The board, together with family interests of Stenhouse Holdings, representing about 31 per cent of the Stenhouse equity, had been resisting the terms of the Reed Stenhouse offer. But Reed Stenhouse has managed to acquire 50.2 per cent of Stenhouse Holdings equity.

"We continue to believe that the terms of the offer are too favourable to the Reed Stenhouse shareholders and are not fair to you," shareholders of Stenhouse are told by the board in a circular. "Nevertheless, sufficient shareholders have either accepted these terms or sold their shares to give Reed Stenhouse control of Stenhouse Holdings."

Stenhouse Western, representing family interests of Stenhouse holding 24.6 per cent of the equity, and the board intend to accept. In total these shares amount to a 24.9 per cent stake. They have recommended that other shareholders accept the offer.

Suspended

Shares in British Empire Securities and General Trust have been suspended at 25p, pending publication of a further announcement.

The directors say that they are in discussions regarding the company's future, and meantime have requested the suspension.

Share Stakes

Aero Needles Group — Sir William Frym-Werke, as a result of a share purchase on January 13 1984 holds 256,000 ordinary shares (approximately 6.1 per cent of issued ordinary share capital). Following the purchase of 10,000 ordinary shares on January 16 Mr Roger Allison is beneficially interested in 216,500 (£0.7 per cent).

Rewe Evans Investments — Mr E. J. Ellis, director, on January 13 sold 250,000 ordinary at 65p each and transferred 75,000 ordinary as a family gift. Mr Ellis' beneficial interest is now 750,000 ordinary. Mr J. W. Laurie on January 13 sold 200,000 ordinary at 65p each and his beneficial interest is now 750,026 ordinary.

Royal Oil Participations — Mr J. Frey, a director, has sold 100,000 ordinary shares.

Arthur Bell angry over KIO plan

BY DAVID DODWELL IN LONDON AND MARK MEREDITH IN EDINBURGH

PLA-IS by the Kuwait Investment Office to boost its stake in Scotland's private Gleneagles Hotels group by means of a 275p-a-share tender offer aroused protest yesterday from Arthur Bell, the Scotch whisky distiller which two weeks ago launched a surprise £20.24m bid for Gleneagles.

The Kuwait Investment Office (KIO) has held a 15 per cent stake in Gleneagles since the hotels group was formed in 1981 to take over from British Rail the Gleneagles Hotel and two other Scottish hotels.

Yesterday, Barclays Merchant Bank announced on the KIO's behalf that it is tendering for a further 900,000 shares at a price of 275p. If taken up fully, the tender would lift the investment Office's stake to about 28

per cent. Shareholders have two days to take up the offer, which is worth 50p a share more than the 225p cash offer from Arthur Bell.

Henry Ansbacher, acting as Arthur Bell's financial advisers in the bid, yesterday protested at the brief period available for shareholders to consider the KIO tender offer.

Mr Patrick Spens, a director of Henry Ansbacher, said: "This is simply a gun being held at the heads of shareholders." He complained that the offer comes at a critical stage in the takeover battle, which is being hotly contested by Gleneagles. The hotels group's defence document is expected around the weekend.

Ra said he had been in touch with the Takeover Panel to question whether such a short tender period was acceptable. A

spokesman for the Panel said last night that because Gleneagles was a private company, Panel rules insisting that a tender offer must stay open for at least seven days, did not apply.

Arthur Bell launched its offer after acquiring a 29.9 per cent stake in Gleneagles from British Transport Hotels. The terms are 172 new Bell shares for every 100 Gleneagles shares, or a cash alternative of 225p.

It was promptly rejected by the Gleneagles board as "unexpected, unwelcome and too low."

Mr Peter Tyrre, managing director of Gleneagles, said yesterday that the KIO tender offer had come as a surprise, but that it "may be considered to be a reasonable price for the

Thorn buys outstanding Metal Inds. preference

Thorn EMIL, the home entertainment, domestic appliances and lighting group, plans to buy up the outstanding preference shares of its fully-owned Metal Industries subsidiary in a "tidying up operation."

Thorn said this was not intended as a preparation for disposing of the company, though the low-technology activities grouped under Metal Industries were not part of its main-stream business.

"We are not particularly looking to sell off these companies, but if a good offer came along we would not say no."

Thorn will pay a total of £1.42m to acquire the preference stock it does not already own. It will offer 70p cash for each of the 1,03m 5 per cent cumulative preference stock units it does not own and 52p cash for each of the 1.35m 9 1/2 per cent cumulative preference stock units.

Buying in the preference stock will allow Thorn to make savings on the preparation and distribution of separate accounts. It carried out a similar operation at another subsidiary, Glover and Main, last year.

BAT poised to clinch £968m purchase of Eagle Star today

BY CHARLES BATCHELOR

BAT Industries, the tobacco concern, is poised to clinch its record £968m bid for Eagle Star, the insurance group, later today.

The level of acceptances received last night combined with the 30 per cent holding BAT is to buy from its former bid rival, the Allianz insurance group of Germany, will give BAT automatic control of Eagle Star.

A last-minute counter-bid from another suitor could still thwart BAT but the company believes this is unlikely following its purchase earlier this month of the 4.8 per cent holding owned by Mr Ivan Boesky, an American share trader.

BAT had obtained acceptances from the owners of 19.8m shares,

or 14.42 per cent of the Eagle Star equity, by the time it stopped counting yesterday. With the 8.67 per cent holding it already owns this gives it control of 20.09 per cent. In the absence of a counter bid its lawyers will meet representatives of Allianz at 2.45 pm today to transfer the German company's 30 per cent holding, giving BAT marginally over 50 per cent of the Eagle Star equity.

BAT's 700p per share offer will automatically go unconditional once it has 50 per cent of the equity. "We're there," a BAT spokesman said yesterday.

Fifty-five per cent of the acceptance forms sent out by BAT have been returned, indicat-

ing small shareholders have been the first to accept the offer. The instructions are expected to follow their normal practice of accepting at the last minute.

BAT expects to have to scale down allotments of the loan stock alternative contained in its offer since this is expected to be the most popular of the options open to shareholders.

First closing date for the revised BAT offer is 3pm today but the offer will be extended indefinitely to mop up the remaining shares provided it is declared unconditional.

Eagle Star's shares closed at 855p yesterday—5p below the offer price.

Music Sales in £5m Campbell Connelly deal

By Charles Batchelor

The rights to international hit songs such as "The very thought of you" and "We'll meet again" will change hands in a take-over billed as one of the most important in the musical world.

Music Sales, a music publisher set up in 1970 by an American, Mr Robert Wise, is paying about £5m for the Campbell Connelly Group, which owns the rights to more than 30,000 works.

The Campbell Connelly catalogue embraces styles of popular music from Latin American to rock and roll and includes songs like "Show me the way to go home," "Goodnight sweet heart," "Sunny," "There'll always be an England" and "Telstar." Mr Robert Wise said: "This is the last great independent music company left in England. It's a gem."

Music Sales, of Newman Street, W1, prints sheet music, songbooks and tutors and has its own catalogue of more than 5,000 titles in print. The Campbell Connelly purchase will mean Music Sales also owns the rights to many other songs.

Mr Wise refused to disclose the exact price paid though Campbell Connelly sought offers of more than 25.7m, including the £1.6m value of its freehold offices in Soho Square. The property has, however, been bought back by the vendor's trustees.

Campbell Connelly was founded in 1925 by Mr Reg Connelly and Mr Jimmy Campbell and was one of the remaining privately-owned music publishing groups in the UK.

BIDS AND DEALS IN BRIEF

Henara has received 87 per cent acceptance to its offer for Dixor-Strand and has extended the offer to February 15. If by that date it has not received acceptances totalling 90 per cent the offer will be closed. Henara will not acquire the remaining shares compulsorily, nor will non-accepting shareholders be able to require the company to do so.

Greene and Co have been appointed as financial advisors to the Giro board in relation to the offer made by Kitkat and Alitca on behalf of Giro Inc.

Espley-Tyas Property Group has acquired a portfolio of land and investment property in Scotland for £3.03m in cash, shares and loan stock. The acquisitions will enable Espley-Tyas to considerably expand its base of operation, particularly in the Glasgow/Edinburgh corridor. The properties were professionally valued at £3m on December 12 1983.

Leslie Langton Holdings has completed the purchase of Glasvill Enthoven and Company (Underwriting) from Jardine Glasvill (Underwriting Agencies) and the directors of the company are Mr M. J. Langton, Mr T. W. Higgins, Mr E. P. Hall, Mr M. T. Coulton and Mr D. C. Bates.

acquire compulsorily any outstanding shares.

Glanvill Enthoven manages Jovya's Non-Marine Syndicate 464, E. P. Hall and Others, and by joining the independent Langton group, it has complied with the divestment provisions of Lloyd's Act 1982.


BASE LENDING RATES

A.B.N. Bank	9 1/2	Hambros Bank	9 1/2
Allied Irish Bank	9 1/2	Heritable & Gen. Trust	9 1/2
Amro Bank	9 1/2	Hill Samuel	9 1/2
Henry Ansbacher	9 1/2	C. Hoare & Co.	9 1/2
Arbuthnot Latham	9 1/2	Hongkong & Shanghai	9 1/2
Armedo Trust Ltd.	9 1/2	Kingsnorth Trust Ltd.	9 1/2
Associates Cap. Corp.	9 1/2	Knowles & Co. Ltd.	9 1/2
Banco de Bilbao	9 1/2	Lloyds Bank	9 1/2
Bank Hapoalim EM	9 1/2	Mallinhal Limited	9 1/2
BCCI	9 1/2	Edward Manson & Co.	10 1/2
Bank of Ireland	9 1/2	Meharji and Sons Ltd.	9 1/2
Bank Leumi (UK) plc	9 1/2	Midland Bank	9 1/2
Bank of Cypus	9 1/2	Morgan Grenfell	9 1/2
Bank of Scotland	9 1/2	National Bk. of Kuwait	9 1/2
Banque Belge Ltd.	9 1/2	National Girobank	9 1/2
Banque du Rhone	10 1/2	National Westminster	9 1/2
Barclays Bank	9 1/2	Norwich Gen. Trst.	9 1/2
Beneficial Trust Ltd.	10 1/2	R. Raphael & Sons	9 1/2
Brenar Holdings Ltd.	9 1/2	Royal Trust Co. Canada	9 1/2
Brit. Bank of Mid. East	9 1/2	Standard Chartered	11 1/2
Brown Shipley	9 1/2	Trade Dev. Bank	9 1/2
CL Bank Nederland	9 1/2	TCSB	9 1/2
Canada Perm. Trust	9 1/2	Trustee Savings Bank	9 1/2
Castle Court Trust Ltd.	9 1/2	United Bank of Kuwait	9 1/2
Cayzer Ltd.	9 1/2	United Mizrahi Bank	9 1/2
Cedar Holdings	9 1/2	Volkskas Intl. Ltd.	9 1/2
Charterhouse Japhet	10 1/2	Williams & Glyn's	9 1/2
Citibank Savings	10 1/2	Whiteaway Ltd.	9 1/2
Clydesdale Bank	9 1/2	Williams & Glyn's	9 1/2
C. E. Coles	9 1/2	Winttrust Secs. Ltd.	9 1/2
Comm. Bk. N. East	9 1/2	Yorkshire Bank	9 1/2
Consolidated Credits	9 1/2	Members of the Accounting House Committee	9 1/2
Co-operative Bank	9 1/2	7-day deposits 5.5% 1-month 5% Fixed rate 12 months 12.50%	
The Cyprus Popular Bk.	9 1/2	5% 25,000 12 months 5.5%	
Dunbar & Co. Ltd.	9 1/2	7-day deposits on sums of under £10,000 5%, £10,000 up to £50,000 6%, £50,000 and over 7.5%	
E. T. Trust	9 1/2	Call deposits £1,000 and over 5.5%	
Exeter Trust Ltd.	10 1/2	31-day deposits over £1,000 6.5%	
First Nat. Fin. Corp.	11 1/2	Demand deposits 5.5%	
First Nat. Secs. Ltd.	10 1/2	Mortgage base rate	
Robert Fraser	10 1/2		
Grindlays Bank	9 1/2		
Guinness Mahon	9 1/2		

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FT INDEX
& BUSINESS NEWS REPORT

- Hourly updated FT Index
- Starting Exchange Rates updated 3 times daily
- Bullion, Kruggerands, platinum and base metal prices
- Dow Jones Industrial Average
- Share Market Report

Tenneco Inc 

HOUSTON, TEXAS

1984 Is our 38th consecutive year of cash dividend payments

The 1984 first quarter dividend of 70c per share on the Common Stock will be paid March 13 to stockholders of record on February 3. About 225,000 stockholders will share in our earnings.

Walter W. Sapp, Secretary

Burton—a winner for customers, shareholders and staff

Our customers tell us

- ★ "It's my kind of place for buying clothes"
- ★ "I like the wide variety"
- ★ "... the most fashionable things ..."
- ★ "There is good presentation and everything is reasonably priced"

Burton will continue to keep in touch with customer requirements with the aim of constantly improving quality, value for money, choice and service.

Our Shareholders

Since 1980:

- ★ Pre-tax profit up by 210%
- ★ Dividend per share up by 82%
- ★ Earnings per share (fully taxed) up by 179%
- ★ £1 invested in our shares in 1980 is now worth £4.

Our Staff

- ★ Exciting career opportunities through expansion
- ★ Entrepreneurial skills developed at all levels
- ★ Leadership and commercial skills recognised
- ★ High standards of performance encouraged
- ★ Achievement rewarded

This year our performance-related bonus schemes paid £4.8 million to 8,700 members of staff, recognising their outstanding level of achievement.

1983 Financial Highlights

- ★ Sales up by 29%
- ★ Pre-tax profit up by 61%
- ★ Dividend per share up by 29%
- ★ Earnings per share (fully taxed) up by 55%
- ★ Capital expenditure up by 74% to £29 million
- ★ One for one Scrip Issue announced

The Future Speaking at the Annual General Meeting, the Chairman, Mr. Ralph Halpern, said: "Sales to date for the current year are 35% ahead of the same period last year.

Capital expenditure in this year is likely to exceed £50 million.

300,000 square feet of new trading space will be opened this year — twice the amount added last year.

Good progress is being made towards meeting the Group's objective of profitable growth through increasing its share of the UK clothing market which is currently almost 5%."

Copies of the Annual Report & Accounts may be obtained from the Secretary, The Burton Group plc, 214 Oxford Street, London W1N 9DF.

Operating Divisions

BURTON **PERRY** **TOP MAN** **JACKSON evans** **Sandis** **FENTON** **TOP SHOP**

PETER ROBINSON
PETER ROBINSON
INFORMATION SYSTEMS DIVISION

High Street Transport
MANUFACTURING DIVISION
READY TO GO

APPOINTMENTS

New president for Actuaries

Professor Peter G. Moore has been elected president of the INSTITUTE OF ACTUARIES in succession to Mr C. Stewart S. Lyon, whose term will expire on June 30. Professor Moore is deputy principal of the London Business School and becomes principal on August 1.

Dr J. Martin Owen has resigned as commercial relations officer and will be leaving the Isle of Man Civil Service shortly to become chief accountant of the ISLE OF MAN BANK. Dr Owen was appointed commercial relations officer in August 1982. Since then he has worked with banking and insurance supervisors in establishing a system of supervision and has taken a leading part in setting up the Financial Supervision Commission.

PAUL R. RAY INTERNATIONAL has appointed Mr Ian Christians as managing director, London office.

Mrs Theresa S. M. Lloyd has been appointed manager of the London office of AMCA NETHERLANDS B.V.

Mr Hamish H. Carlton has been appointed to the board of BUSINESS MISSIONS INTERNATIONAL, the holding company of the Energy Business Centre. He was commercial general manager of British.

Mr Henry L. Tottenham has been appointed a director of WIMPEY MARINE, ship-owning and management services arm of the George Wimpey Group.

At the annual conference of the ELECTRICAL CONTRACTORS' ASSOCIATION in May Mr Michael Steward, deputy chairman of William Steward Group, will be retiring as president and hand over to Mr George Giffen, chairman and managing director of Giffen (Electrical Contractors). Mr Kenneth Baynton of K. H. Baynton and Son (Electrical Contractors), will become senior vice president.

ROYAL WORCESTER INDUSTRIAL CERAMICS has appointed Mr Maw Williams as financial director at the Topyrefail plant in Mid Glamorgan. He joined RWIC in July 1982 as company secretary which he retains.

Mr Steve Williamson has been appointed a director and manager of ASTRA GAMES, a subsidiary of McCorquodale.

Mr W. G. McQueen, a manager, international division, oil and energy department, BANK OF SCOTLAND, has been appointed senior manager from February 1.

Mr Donald Kurtz, deputy chairman of Geers Gross Advertising Inc., New York, has become a director of GEERS GROSS, London. Mr Kurtz was one of the two founding partners of Kurtz and Tarlow, New York, whose advertising agency was acquired by Geers Gross in 1982. Mr Peter Barnes has resigned as a director of Geers Gross and Geers Gross Advertising Inc., New York, and returned to Australia to pursue business interests there.



Mr Donald G. Cruickshank, deputy chief executive of Goldcrest Films and Television.

Mr Donald G. Cruickshank has been appointed chief executive of GOLDCREST FILMS AND TELEVISION, and will be a member of the board of the holding company. He will be responsible for the administration of the company and for its developing cable and satellite programming interests. Mr Cruickshank was managing director (finance and administration) at Pearson-Longman.

Mr Reinhard J. Schmoelz, former head of Credit Suisse Luxembourg, has been appointed a senior vice-president at the London branch of CREDIT SUISSE.

DUFAY BITUMASTIC has appointed Mr Timothy John Biggs to the board. He has been with the group since 1967 and is managing director of the infrastructure division comprising the Richardson Printing Ink Co and J and C Printing Inks. Mr Ernest William Tyrerman has been appointed deputy chairman, non-executive director, he has been a director since 1980 and was formerly chief executive of Coda International.

JOHN XENZIES has made three executive management appointments in the retail division. Mr Robert Black, who was retail director, has been appointed retail managing director.

GRINDLAY BRANDS CONSTRUCTION INSURANCE BROKERS has made Mr A. Workboys a director.

Mr Anthony Bevan, retail merchandise director, has become regional director (south). Taking over as retail merchandise director is Mr William Jones, who joined the company earlier this month. He was managing director of E. M. Merritt and Co.

Mr Gilbert Peach has been appointed a main board director of G. A. HARVEY OFFICE FURNITURE. He remains a director of Libraco, another company in the Butterfield Harvey Group.

After serving ten years as chairman of the Smaller Firms Group of Scientific Instruments Manufacturers' Association (now a group within GAMBICA), Mr Douglas Read, a director of Schaeffler EM, has handed over to Mr Gabor Martell of Montford Instruments.

Mr Keith Gwynne Jones and Mr John Robertshaw, have been appointed non-executive directors of BEECHWOOD GROUP. Mr Gwynne Jones represents the interests of Modelhurst and AIGO Western Investments, who have shareholdings in Beechwood. Mr Robertshaw is director of a number of companies.

At INTERFIRST BANK DALLAS Mr Geoffrey Swain and Mr Alan Flood have both been appointed vice president in the global funding division. Mr Swain is chief in the London branch and Mr Flood is deputy chief dealer.

ARGYLL FOODS has the following appointments to the board of Argyle Foods (Trading), the subsidiary responsible for group marketing, procurement and merchandising: Mr R. Murdy, Mr D. E. Oatley, Mr J. E. Phelps, and Mr G. W. Wood.

Mr Alan Bayley has left Charles Barker, where he has been managing director of CBC since June 1981, to join the WALDORF POLLEN board with a brief to develop its financial marketing division into an independent entity.

Mr Brian Chamberlain has been appointed head of syndicates section for NATIONAL WESTMINSTER BANK'S international banking division. He succeeds Mr Chris Masters who becomes head of energy section. Prior to this appointment Mr Chamberlain worked within syndicates section, as a manager.

Mr Richard Idiens has been appointed to the board of FLIGHT REFUELLING and sales director.

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ENERGY REVIEW

Sizewell: now for the safety issue

By David Green

THE OPENING of the safety debate at the Sizewell B public inquiry this month could hardly have come at a trickier moment for the Central Electricity Generating Board.

With most of the economic arguments about the proposed pressurised water reactor complete, the board now faces three or four months of scrutiny of the project's safety aspects knowing that its opponents will take every opportunity to use the recent radioactive leak from the nuclear fuel reprocessing plant at Sellafield to their advantage.

Objectors at the inquiry will argue that if British Nuclear Fuels' tight safety precautions at Sellafield can fail, then so can the similarly sophisticated systems proposed for Sizewell B.

Waste management will be dealt with as a special section at the inquiry and among the nuclear industry executives facing recall for cross-examination is Dr Donald Avery, deputy managing director of BNF.

His performance will be closely watched by both objectors to Sizewell and by the CEBG, which has felt for some time that the so-called "back end" of the nuclear fuel cycle is letting down the UK nuclear industry as a whole.

Technically speaking, the CEBG's task on the safety issue is to convince the semi-independent Nuclear Installations Inspectorate that it should be given a licence to build the power station.

But NII is also, in a sense, on trial at the Sizewell hearings since it too must convince the inquiry inspector, Sir Frank Layfield, QC, that its methods and assumptions are beyond question.

Activity at the inquiry is therefore being conducted upon two levels. In the industry itself, the NII, along with other witnesses, is being called upon to make points and submit papers, whilst outside it is proceeding with its 80-point investigation of the CEBG's application for a safety licence.

There is, inevitably, a good deal of overlap between the material covered and, the nuclear industry feels, yet another source of delay in a inquiry which is not now likely to finish until September.

After that, Sir Frank is expected to take six months to prepare his report to Government. Then a Parliamentary debate is expected before Cabinet takes the final decision.



Sir Walter Marshall, the CEBG chairman surrounded by anti-nuclear demonstrators at the opening of the Sizewell inquiry a year ago

Each of these could, depending upon the inspectorate's recommendations, add a further £10m to the cost of a project already estimated at £1,147bn.

As for the debate at the inquiry itself, the longest shadow is cast by Three Mile Island, the Pennsylvania nuclear power plant which had to be temporarily shut down in March 1979 when it appeared, there was danger of a major release of radioactivity. Ever since the Three Mile Island incident the U.S. nuclear power industry has been in a state of paralysis, unable to plan further installations.

The CEBG has carefully studied official reports following the accident and staff have visited the site. Reports of other accidents at pressurised water reactors elsewhere in the world have also been closely examined.

The board argues that it has learned the lessons of Three Mile Island and that additional fail-safe provisions built into instrumentation and maintenance procedures would prevent any recurrence of such an incident at Sizewell.

The 35 objecting organisations at the inquiry will argue that the PWR is so complex that it is impossible to guarantee that serious accidents will not occur. There is particular concern about crack-detection methods, which objectors argue to be a specific vulnerability in the design of PWR reactor vessels.

Another important issue in the safety debate concerns the risk of radiation-induced disease, both to plant operators and other CEBG staff and to the local population.

Sir Edward Pochin, consultant to the director of the UK Radiation Protection Board, and an expert, has told the inquiry there can be no safe dose threshold below which radiation could not cause cancer.

He said he did not believe, however, that the rate of cancer caused by exposure below the existing permitted dose level merited any change in the rules.

The CEBG is confident that the radiation exposure to plant operators will be well below the permitted maximum dose.

Among the witnesses who will be giving evidence against Sizewell B, because of the risk of radiation induced disease, is Professor Robert Blackthorn of Trinity College, Dublin, a veteran of the Windscale Inquiry. He will be joined by fellow epidemiologist, Dr Alice Stewart.

So the CEBG's hope of starting to build Sizewell B in early 1986 is beginning to look overoptimistic.

In a final twist to the circularity of the process, Mr Ron Anthony, the NII's chief nuclear inspector, says he will not issue a site licence for Sizewell B before he has had time to consider Sir Frank's recommendations, since those recommendations may well suggest changes to the ground rules by which the inspectorate works.

For the moment, however, the inspectorate is working its way through its list of 80 safety questions and has reached the halfway mark.

Eight key questions remain outstanding. These include the hypothetical risks of earthquake damage, the possibility of an aircraft crashing into the plant or damage caused by a gas cloud explosion should a tanker carrying liquid petroleum gas off the Suffolk coast near Sizewell happen to explode.

Other matters still to be settled concern fire safety procedures, cladding systems for the reactor's fuel rods, the supply of emergency boroated water to the reactor and various matters concerning the cooling and steam generating mechanisms.

There is no evidence to link the cases to exposure to radiation and that such a link is unlikely.

The Stop Sizewell B Association will argue that it would be unwise to create what it sees as a further radiation risk in an area apparently susceptible to leukaemia until it has been established beyond reasonable doubt that radiation is not the cause of the "cluster".

Assuming that the safety issues can be dealt with, the CEBG is confident that it has made its economic case for building Sizewell, even though it has cut from £1,550m to £1,330m the sum it estimates the project will save during its lifetime. The board denies this is a concession in the face of objectors' evidence.

It says that a clearer picture has emerged of economic indicators, including the behaviour of coal prices.

The board also blames the length of the inquiry itself for reducing lifetime savings.

Even so, it believes that the pressurised water reactor will provide cheaper electricity than any other type of power station, nuclear or fossil fuel. By building Sizewell B before its electricity is needed will enable the board to order early shutdowns for older, less efficient coal-fired stations.

If it gets the go ahead for Sizewell B, the CEBG does not expect to present detailed safety evidence at future inquiries into pressurised water reactor applications. It expects such inquiries to be largely site specific, but to include economic evidence. This view is shared by objectors.

Dr Rossella Bertell, an American bio-statistician who is well known internationally for her opposition to nuclear power on medical grounds, is also scheduled to give evidence.

All three will be appearing for the Stop Sizewell B Association, a Suffolk-based group led by Mr Graham Seagrave.

The Association is concerned about a cluster of leukaemia cases discovered at Leiston, a small town just over a mile away from the existing Sizewell A nuclear power station. Four of the victims are former workers at Sizewell A and all were classified for radiation purposes.

The area medical officer of health, Dr Michael Bush, and the CEBG's chief medical adviser, Dr John Bonnell, have both described the cluster as inexplicable. They both also say there is no evidence to link the cases to exposure to radiation and that such a link is unlikely.

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Revival expected for farm future options in U.S., Page 34

SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday January 18 1984

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WALL STREET

Gains are slow to spread

ANOTHER mildly disappointing session emerged on Wall Street, with the bond market continuing to consolidate after a further round of price gains but leading stocks unable to sustain an initial improvement, writes Terry Byland in New York.

Leading stocks drifted lower for much of the session but selling dried up before the close and some modest buying in the final hour turned the market higher, with the technology issues leading the way. The Dow Jones industrial average ended 3.87 higher up 1271.46. Turnover remained moderate with 93m shares traded but gains led losers by 9 to 7.

Credit market analysts remained confident that the apparent moderation in the pace of the economic advance will reduce upward pressures on interest rates. But short-term rates edged higher again yesterday, discouraging those investors who have been expecting the Federal Reserve to ease its monetary stance.

The federal funds rate, the Fed's chief means of influencing short term rates, eased slightly from overnight but remained obstinately high at 9 1/2 per cent. Mr Allen Sinai, chief economist at

Lehman Bros Kuhn Loeb predicted that the federal funds rate will fall to around 8 1/2 per cent by May but added that long-term bond yields, now around 11.80 per cent, will fluctuate between 11 per cent and 12 per cent over the next few months.

The end-of-year reporting season at the major industrial corporations slowly got under way but produced no surprises for the stock market.

The bank reporting season continued with Citicorp down 3/4 to \$37 1/2 after disclosing results for the final quarter of 1983. Marine Midland, controlled by Hongkong and Shanghai Banking was down 3/4 to \$25 1/4 after fourth-quarter results and Security Pacific down 3/4 to \$51 1/4.

Donaldson Lufkin Jenrette, first of the securities houses to report its final quarter trading, shed 3/4 to \$17 1/4.

Among the steel companies, Republic Steel at \$32 made little response to the latest trading statement while Armco was down 3/4 at \$22 1/4 after a loss warning for the final quarter.

Among the high technology issues, Honeywell was 3/4 off at \$130 after reporting last year's profits and commenting on the outlook for 1984. IBM at \$121 showed a 3/4 gain. Digital Equipment at \$90 1/4 added a further \$5 on satisfaction with the forecast of a recovery in the second quarter.

General Electric held up 3/4 to \$37 1/4 as the market digested the latest trading figures. Some oil stocks showed lower although hints of a cut in crude prices by Nigeria were brushed aside in the stock market. At \$37 1/4, Exxon lost 3/4 and Standard Indiana at \$49 1/4 lost 3/4.

There was heavy turnover in utility stocks again as investors weighed the implications of the latest setbacks for the nuclear power station projects. Public Service of Indiana shed a further 5/4 to \$9 1/4 on the decision to drop the costly Marble Hill project.

But Commonwealth Edison at \$24 gained 1 1/4 on hopes that further inspection of the Byron plant might bring forth the required operating license.

AT&T stocks shaded lower, the new stock to \$16 1/4 and the old to \$68 1/4. Active features elsewhere included Chrysler 5/4 better at \$31 1/4 and Time, the publishing group, which lost \$1 to \$59.

On the American Stock Exchange, Wang Laboratories dipped by 3/4 to \$35 1/4 following results.

In the credit markets retail turnover was quiet with little retail interest showing itself. The key long bond slipped 10 1/2 to 103 1/2 on Monday. At this level the bond yields 11.66 per cent. Dealers believe that long term rates could fall further before mid-year.

At this level the bond yields 11.62 per cent, the lowest level for more than one month. Dealers believe that long rates could fall further before mid summer.

Treasury bill rates were adjusted higher to take account of this week's auction. Three month bills were discounted at 8.83 per cent while six month bills at 8.96 per cent were seven basis points higher.

TOKYO

Worries over recent price rises

SHARES EXTENDED their advance in Tokyo yesterday as investors returned to the market after a three-day holiday weekend. Selective buying interest centred on medium and low-priced large-capital issues in the absence of positive economic news, writes Shigeo Nishiwaki of Jiji Press.

Big-capital issues such as steel and shipbuilding were in good demand during the morning, and stocks that had apparently lagged behind the market advance were bought selectively. But during the afternoon, more and more investors were scurrying to cash in profits amid the growing concern over the recent price rises.

Consequently, the Nikkei-Dow Jones market average, which surged 37.50 points during the morning session compared with last Friday's close, closed only 4.60 points up at 10,155.57 - for its fourth consecutive record close. Volume was 854.13m shares compared with 691.88m traded last Friday.

On the flood of buy orders for large-capital steel issues, Nippon Steel rose Y8 to Y186, building on Friday's previous high of Y160, as investors placed a total of nearly 10m shares at the market. Nippon Kokan advanced Y3 to Y155.

Buy orders for Ishikawajima-Harima Heavy Industries totalled about 2.5m shares, with its price putting on Y6 to Y196. Kawasaki Heavy Industries benefited from large orders from leading shipping companies, adding Y2 to Y157.

Large-capital chemical shares also attracted buyers, with Sumitomo Chemical and Mitsui Toatsu Chemicals gaining Y1 to reach Y225 and Y164 respectively.

In the absence of buying interest, blue chip stocks generally retreated, with Matsushita Electric Industrial losing Y10 to Y1,900, NEC Y10 to Y1,490, Sony Y70 to Y3,540 and TDK Y70 to Y5,250. However, Hitachi gained Y4 to Y614.

In the afternoon Nippon Television Network moved the maximum Y1,000 up

to Y10,950 on hopes of a stock split. Dainippon Construction also moved the maximum Y80 to Y320 on speculative buying. Leading securities firms generally gained ground with Nikko Securities climbing Y26 to Y486. Elsewhere, Asahi Denka Kogyo gained Y53 to Y612 and Mitsumi Electric Y85 to Y1,030.

The bond market rebounded in response to lower U.S. interest rates. It staged a sharp rally in the morning on heavy buying by a large trust bank of the benchmark 7.5 per cent long-term government bond due January 1983. The yield on the bond fell dramatically to 7.44 per cent from 7.49 per cent at the end of last week, but closed the day a shade higher at 7.455 per cent on late profit-taking.

EUROPE

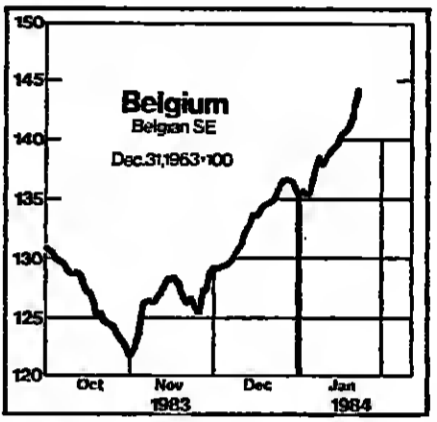
Brussels at all-time record

THE DOGGED advance which has seen the Brussels Stock Exchange index edge almost daily ahead since the beginning of the year had its reward yesterday with the market closing at an all-time high.

The index, established in 1963, reached a 10-year high last week, but a 2.19 advance yesterday pushed it to its highest-ever level of 144.23.

Unlike many other major European centres, which have seen their advances to peak levels fuelled by foreign buying, the Brussels market's strength is being attributed largely to domestic demand.

This has in turn been ascribed partly to the so-called "De Clercq Law," based on the Monory principle which offers tax incentives to private investors.



Cash for investments made in this way had to be lodged by December 31, but transactions need not be completed until the end of March. This has provided a pool of liquidity for the market.

A second boost for the market has come with the ending on December 31 of the "Cooreman decree" which provided tax incentives for companies and their shareholders when new issues were placed in the market.

This brought a rash of new issues late

Continued on Page 28

LONDON

Industrials retreat from peaks

SUGGESTIONS that the London equity boom might have gone too far, coupled with Wall Street's continuing lacklustre performance, prompted a technical reaction in markets yesterday. Leading industrials retreated quite sharply from record levels as short-term investors realised profits accumulated over the past few weeks.

The FT Industrial Ordinary index closed 6.6 down at 607.1.

Electricals encountered above-average selling, which unsettled a sector awaiting interim figures from Racal - down 1p to 203p - today, and still mindful of the recently disappointing results from Thorn EMI - down 5p to 603p.

An uninspiring performance by sterling against the dollar put a dampener on the gilt-edged market and investors showed little enthusiasm.

Longer-dated gilts gave up initial gains of 1/4 to close about that much lower on the session. Shorts moved similarly with the exception of selected low-coupon stocks.

Mining markets remained under pressure owing to a combination of depressed precious and base-metal prices, and currency movements.

Details, Page 28; Share information service, Pages 30-33.

SINGAPORE

SPECULATIVE BUYING and bouts of profit-taking left shares mixed in Singapore and the Straits Times industrial index closed 1.13 higher at 1,043.69.

Particular resilience was shown by smaller, Malaysian-based companies.

Supreme Corporation remained the most actively traded issue, shedding 6 cents to S\$2.12 while the newly-issued L and M Group Investments found strong demand adding 38 cents to S\$4.30.

TAIWAN

EXPECTATIONS of a better export performance this year helped shares in Taiwan to record levels yesterday.

The stock market index gained 2.27 to 793.02 and there are expectations that it will top the 800 level before the Chinese New Year on February 2.

AUSTRALIA

GOLD'S DECLINE below the \$370 level and the failure of copper prices to respond to a weaker U.S. dollar weighed heavily on the Sydney market.

A round of bargain hunting provided some late support in other sectors, however, and the All Ordinaries index closed down 4.9 at 765.

Among the banks ANZ fell 20 cents to A\$5.40 after going ex a one-for-10 bonus issue. Elsewhere the market continued to overbid Permenaw Wright's A\$3.25 offer for LNC Industries. LNC ended 37 cents ahead at A\$3.62 in Melbourne.

SOUTH AFRICA

GOLD SHARES edged lower in Johannesburg as optimism for the bullion price waned. Trading volumes were very low.

Among gold mines, Libanon lost R1.75 to R38.50 and Randfontein Estates was R2.50 down to R157.50. Other mining shares also lost ground.

Industrial losses outnumbered gains by about two to one.

CANADA

CONTINUING weakness in golds, oils, gas, metals and minerals led prices lower in Toronto at the start, but rallied later.

In Montreal, industrials, utilities and banks were again slightly down at the start, but closed higher.

KEY MARKET MONITORS			
End Month Figures			
FT-Actuaries All-Share Index		Dow Jones Industrial Average	
1979 1980 1981 1982 1983 1984		1983 1984	
STOCK MARKET INDICES			
NEW YORK	Jan 17	Previous	Year ago
DJ Industrials	1271.46	1257.59	1084.81
DJ Transport	603.05	600.54	469.27
DJ Utilities	131.65	130.35	124.58
S&P Composite	167.83	167.18	146.71
LONDON	Jan 17	Previous	Year ago
FT Ind Ord	607.10	613.70	614.80
FT-A All-share	n/a	492.90	392.79
FT-A 500	n/a	562.32	428.46
FT-A Ind	n/a	488.65	396.71
FT Gold mines	520.20	542.80	656.30
FT Govt secs	83.27	83.93	78.67
TOKYO	Jan 17	Previous	Year ago
Nikkei-Dow	10,155.57	closed	8062.73
Tokyo SE	763.03	closed	593.26
AUSTRALIA	Jan 17	Previous	Year ago
All Ord.	765.02	769.80	533.10
Metals & Mins.	527.60	533.20	467.40
AUSTRIA	Jan 17	Previous	Year ago
Credit Aktien	55.44	55.30	49.94
BELGIUM	Jan 17	Previous	Year ago
Belgen SE	144.23	142.04	103.46
CANADA	Jan 17	Previous	Year ago
Composite	2565.1	2562.90	2081.40
Montreal Industrials	445.0	444.76	358.28
Combined	429.3	428.84	342.20
DENMARK	Jan 17	Previous	Year ago
Copenhagen SE	218.06	221.35	102.76
FRANCE	Jan 17	Previous	Year ago
CAC Gen	167.20	167.60	102.90
Ind. Tendence	108.10	108.30	62.30
WEST GERMANY	Jan 17	Previous	Year ago
FAZ-Aktien	356.79	351.62	248.51
Commerzbank	1052.00	1040.30	748.10
HONG KONG	Jan 17	Previous	Year ago
Hang Seng	969.72	975.17	674.48
ITALY	Jan 17	Previous	Year ago
Banca Com.	221.28	219.04	171.61
NETHERLANDS	Jan 17	Previous	Year ago
ANP-CBS Gen	165.80	164.20	106.00
ANP-CBS Ind	138.40	137.40	90.90
NORWAY	Jan 17	Previous	Year ago
Oslo SE	234.05	234.98	118.93
SINGAPORE	Jan 17	Previous	Year ago
Straits Times	1043.69	1042.56	760.95
SOUTH AFRICA	Jan 17	Previous	Year ago
Gold	792.9	806.40	1073.50
Industrials	581.8	558.90	506.30
SPAIN	Jan 17	Previous	Year ago
Madrid SE	106.56	closed	84.28
SWEDEN	Jan 17	Previous	Year ago
J & P	1523.03	1528.43	1012.37
SWITZERLAND	Jan 17	Previous	Year ago
Swiss Bank Ind	363.20	364.10	298.20
WORLD	Jan 16	Prev	Year ago
Capital Int'l	186.70	186.50	181.40
GOLD (per ounce)			
London	Jan 17	Prev	Year ago
	\$388.125	\$367.125	
Frankfurt	\$367.75	\$369.25	
Zurich	\$367.75	\$369.25	
Paris (fmg)	\$370.51	\$371.19	
Luxembourg (fmg)	\$368.75	\$371.45	
New York (Jan)	\$369.80	\$370.10	
* Later available figure			
CURRENCIES			
U.S. DOLLAR			
(London)	Jan 17	Previous	Jan 17
\$	1.4110	1.4110	1.4205
DM	2.6080	2.736	3.9650
Yen	234.30	233.25	331
FFr	8.5875	8.5525	12.1150
SFr	2.2280	2.219	3.1575
Grdler	3.1590	3.148	4.46
Lira	1705	1895.5	2404.50
RFr	57.26	57.06	80.80
CS	1.24750	1.245	1.7605
STERLING			
(London)	Jan 17	Previous	Jan 17
\$	1.4110	1.4110	1.4205
DM	2.6080	2.736	3.9650
Yen	234.30	233.25	331
FFr	8.5875	8.5525	12.1150
SFr	2.2280	2.219	3.1575
Grdler	3.1590	3.148	4.46
Lira	1705	1895.5	2404.50
RFr	57.26	57.06	80.80
CS	1.24750	1.245	1.7605
INTEREST RATES			
Euro-currencies (offered rate)			
\$	9%	8%	
SFr	3%	3%	
DM	a	a	
FFr	13%	13%	
U.S. Bonds			
Treasury			
10%	1985	100 1/2	104.8
11%	1991	101 1/2	114.6
11 7/8	1983	101 1/2	115.2
12	2013	102 1/2	116.6
Corporate			
AT & T	Jan 17	Prev	
10% June 1990	98%	11.80	94%
3% July 1990	68%	10.80	68.828
2% May 2000	75%	12.25	75%
FINANCIAL FUTURES			
CHICAGO			
U.S. Treasury Bonds (CBT)			
8% 32nds of 100%	March	71-18	71-23
U.S. Treasury Bills (TBM)	March	91.03	91.03
91m points of 100%	March	90.36	90.44
91m points of 100%	March	90.36	90.37
91m points of 100%	March	90.36	90.37
LONDON			
Three-month Eurodollar			
91m points of 100%	March	90.19	90.26
20-year National Gilt	March	90.19	90.26
£50,000 32nds of 100%	March	109-11	110-00
109-04	109-04	109-04	109-07
COMMODITIES			
(London)			
Jan 17	Prev	Year ago	
Silver (spot fmg)	\$61.20p	\$71.40p	
Copper (cash)	£945.00	£954.50	
Coffee (Jan)	£2032.50	£2042.50	
Oil (spot Arabian light)	\$28.80	\$28.57	

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December 1983

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of American stock exchange closing prices, organized in columns by stock symbol and price. Includes various market indices and individual stock data.

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized in columns by stock symbol and price. Includes various market indices and individual stock data.

Continued on Page 28

Notes and footnotes explaining the data, including information about dividends, splits, and other market events.

WORLD STOCK MARKETS

FINANCIAL FUTURES

Liffe to double short sterling contract

The London International Financial Futures exchange (Liffe) is to double the size of its short sterling contract from £250,000 to £500,000 writes Mary Ann Sieghart in London.

The decision was taken at a board meeting of Liffe and has received a favourable response from members of the exchange. The idea is to increase liquidity in the contract.

EUROPE

Continued from Page 25

In 1983, but the number will be dramatically reduced this year, leaving considerable liquidity available for investment in the market.

Market leader Petrofina, has been widely sought, particularly by institutional investors, and it continued its advance yesterday, adding BFr 280 to BFr 6,950.

The financial sector was again firm, with Groupe Bruxelles Lambert adding BFr 140 to BFr 2,740 and Societe Generale de Belgique up BFr 30 to BFr 1,800.

Cockerill Sambre, the state-controlled steel group turned earlier, shedding BFr 12 to BFr 205 after Monday's advance, which came in the wake of an agreement between Belgium and Luxembourg to endorse a regional steel plan.

Arbed of Luxembourg which was down BFr 12 on Monday, gave up another BFr 28 to close at BFr 1,270.

Milan continued its record-breaking run with the market index, established in 1972, adding 2.24 to 221.26.

The advance was halted temporarily by a round of profit-taking at mid-session, following an announcement by the Consob (bourse commission) raising the deposit requirement for purchases from 30 to 40 per cent.

However, demand revived later allowing prices to rally.

Insider, the Government-controlled holding company heading the state steel sector, added L14 to L48.4 following an announcement that it was writing down its share capital to reflect 1983 losses.

Institutional and private investors took advantage of the weaker dollar to make purchases in Frankfurt but the hectic early trading became quieter and prices ended off highs at a quiet close.

The Commerzbank index, calculated at mid-session, echoed the former tendency standing up 11.7 at 1,052.

Energy company Vebs added DM 1.40 to DM 170.70 on the second day of the sale of 4.64m shares out of Government holdings.

Meanwhile, heavy demand led to the early closure - after just one day - of an offer of 400,000 shares in Zanders Feinpapier, the paper group.

Subscriptions for DM 20m of capital, the result of a capital increase, were invited from January 18 to 20 at DM 125 each.

The shares will be listed in Düsseldorf from Monday, where dealers are already reporting, indicated prices of DM 135.

Bond prices rose strongly as the dollar's slide alleviated fears of a possible increase in the 5.5 per cent Lombard rate later this week.

Demand was particularly strong for short-dated paper, while longer maturities saw smaller price rises. The Bundesbank sold DM 53m of domestic paper to balance the market, compared with DM 51.5m sales the previous day.

Amsterdam was also higher after a

mixed opening with the ANP-CBS Industrial index rising 2 to a record 139.4. The rise was attributed to continued belief in economic recovery which became the main market factor in the absence of any lead from Wall Street.

Banks proved the strongest sector on heavy foreign buying with ABN up F1 7 at F1 106 and NMB F1 higher at F1 167.

Publisher Elsevier succumbed to profit-taking, shedding F1 2 to F1 990, following Monday's F1 12 advance in the wake of its share split and higher 1983 dividend.

Bonds were unchanged to slightly higher in lacklustre trading.

Shares were mixed to easier in Zurich as the market continued to consolidate recent gains. Ciba-Geigy ended SwFr 5 lower at SwFr 2,310 as investors had their first chance to react to the announcement, late Monday, of increased sales in 1983.

A fall in the call money rate and good French trade figures helped to stem profit-taking in Paris and shares ended mixed.

Thomson-CSF which dipped on Monday following its weekend announcement of a major contract for Saudi Arabia, finally drew some benefit adding FFr 11 to FFr 281.

Stockholm was broadly easier. However, Sonesson added SKr 30 to SKr 575 following its further expansion into the biotechnology field through the purchase of Ferrosan.

Shares moved slightly higher in Madrid in quiet trading.

CANADA

Table with columns: Stock, Price, +/-, %

FRANCE

Table with columns: Stock, Price, +/-, %

GERMANY

Table with columns: Stock, Price, +/-, %

AUSTRIA

Table with columns: Stock, Price, +/-, %

NETHERLANDS

Table with columns: Stock, Price, +/-, %

SWITZERLAND

Table with columns: Stock, Price, +/-, %

INDICES

Table with columns: Index, Value, +/-, %

NEW YORK

Table with columns: Index, Value, +/-, %

STANDARD AND POORS

Table with columns: Index, Value, +/-, %

IND. P/E RATIO

Table with columns: Index, Value, +/-, %

WORLD CAPITAL INTL.

Table with columns: Index, Value, +/-, %

DENMARK

Table with columns: Stock, Price, +/-, %

FRANCE

Table with columns: Stock, Price, +/-, %

GERMANY

Table with columns: Stock, Price, +/-, %

AUSTRIA

Table with columns: Stock, Price, +/-, %

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Table with columns: Index, Value, +/-, %

NEW YORK

Table with columns: Index, Value, +/-, %

STANDARD AND POORS

Table with columns: Index, Value, +/-, %

IND. P/E RATIO

Table with columns: Index, Value, +/-, %

WORLD CAPITAL INTL.

Table with columns: Index, Value, +/-, %

NETHERLANDS

Table with columns: Stock, Price, +/-, %

FRANCE

Table with columns: Stock, Price, +/-, %

GERMANY

Table with columns: Stock, Price, +/-, %

AUSTRIA

Table with columns: Stock, Price, +/-, %

NETHERLANDS

Table with columns: Stock, Price, +/-, %

SWITZERLAND

Table with columns: Stock, Price, +/-, %

INDICES

Table with columns: Index, Value, +/-, %

NEW YORK

Table with columns: Index, Value, +/-, %

STANDARD AND POORS

Table with columns: Index, Value, +/-, %

IND. P/E RATIO

Table with columns: Index, Value, +/-, %

WORLD CAPITAL INTL.

Table with columns: Index, Value, +/-, %

NETHERLANDS

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FRANCE

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GERMANY

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AUSTRIA

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NETHERLANDS

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SWITZERLAND

Table with columns: Stock, Price, +/-, %

INDICES

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NEW YORK

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STANDARD AND POORS

Table with columns: Index, Value, +/-, %

IND. P/E RATIO

Table with columns: Index, Value, +/-, %

WORLD CAPITAL INTL.

Table with columns: Index, Value, +/-, %

AUSTRALIA

Table with columns: Stock, Price, +/-, %

FRANCE

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GERMANY

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AUSTRIA

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NETHERLANDS

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SWITZERLAND

Table with columns: Stock, Price, +/-, %

INDICES

Table with columns: Index, Value, +/-, %

NEW YORK

Table with columns: Index, Value, +/-, %

STANDARD AND POORS

Table with columns: Index, Value, +/-, %

IND. P/E RATIO

Table with columns: Index, Value, +/-, %

WORLD CAPITAL INTL.

Table with columns: Index, Value, +/-, %

JAPAN (continued)

Table with columns: Stock, Price, +/-, %

FRANCE

Table with columns: Stock, Price, +/-, %

GERMANY

Table with columns: Stock, Price, +/-, %

AUSTRIA

Table with columns: Stock, Price, +/-, %

NETHERLANDS

Table with columns: Stock, Price, +/-, %

SWITZERLAND

Table with columns: Stock, Price, +/-, %

INDICES

Table with columns: Index, Value, +/-, %

NEW YORK

Table with columns: Index, Value, +/-, %

STANDARD AND POORS

Table with columns: Index, Value, +/-, %

IND. P/E RATIO

Table with columns: Index, Value, +/-, %

WORLD CAPITAL INTL.

Table with columns: Index, Value, +/-, %

AUSTRALIA

Table with columns: Stock, Price, +/-, %

FRANCE

Table with columns: Stock, Price, +/-, %

GERMANY

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AUSTRIA

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NETHERLANDS

Table with columns: Stock, Price, +/-, %

SWITZERLAND

Table with columns: Stock, Price, +/-, %

INDICES

Table with columns: Index, Value, +/-, %

NEW YORK

Table with columns: Index, Value, +/-, %

STANDARD AND POORS

Table with columns: Index, Value, +/-, %

IND. P/E RATIO

Table with columns: Index, Value, +/-, %

WORLD CAPITAL INTL.

Table with columns: Index, Value, +/-, %

AMERICAN STOCK EXCHANGE CLOSING PRICES

Large table with columns: Stock, Price, +/-, %

NEW YORK CLOSING PRICES

Table with columns: Index, Value, +/-, %

Exchange cross rates every day in the Financial Times

Table with columns: Currency, Rate

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Companies and Markets

LONDON STOCK EXCHANGE

MARKET REPORT

Equity boom falters as profit-taking develops and index slips back 6.6 to 807.1

Account Dealing Dates

*First Declara- Last Account Dealings (ions Dealings Day Dec 30 Jan 12 Jan 13 Jan 23 Jan 26 Jan 27 Feb 13 Jan 30 Feb 16 Feb 20

Suggestions that the London equity boom may have come too far, coupled with Wall Street's continuing lack of performance were good enough reasons for a technical reaction in markets yesterday.

Sentiment was additionally affected by comment on the implications of the current retail spending boom. Double-figure falls were sustained but leading shares managed to edge away from the lowest of the day.

Of the sectors, Electricals encountered above-average selling which initially unsettled a sector which earlier figures from the recently disappointing results from Thann EMI.

Interest elsewhere continued to be centred on speculative and situation stocks, or those companies about to report trading statements. Monday's star performer, Strong and Fisher, attracted another sizeable turnover following the announcement of a new share issue.

Mainly reflecting the lack of interest, longer-dated Gilts gave up initial gains of 1/2 to close around that much lower on a session of heavy selling.

Phoenix easier The liquidation of speculative positions to the absence of the recently announced bid, Phoenix Alliance clipped 1/2 from Phoenix at 452p.

Strong & Fisher volatile ECI, earlier initially in line with other blue chip equities, picked up on revised U.S. demand to close only 2 cheaper on balance.

Monday's announcement that Mr. Asil Nayer's Nestlé Investments is to take a near-25 per cent stake stimulated another active trade in Strong and Fisher, opening easier at around 236p.

Phoenix easier The liquidation of speculative positions to the absence of the recently announced bid, Phoenix Alliance clipped 1/2 from Phoenix at 452p.

North of England, General Accident dipped 10 to 465p

North of England, General Accident dipped 10 to 465p as did Royal to 525p, while GRE relinquished 7 to 525p.

The major clearing banks staged a modest rally. Barclays put on 6 to 827p and NatWest added 6 to 875p.

Arthur Guinness justified the recent re-rating, revealing a 15.5 per cent increase in preliminary profits, and advanced 8 more to 114p.

Other leading Breweries failed to take bear from news and drifted easier for want of attention.

Leading Buildings held up well. Some even made progress with Redland gaining 6 to 274p on the group's conclusion of a number of interest rate exchange agreements.

Other leading Breweries failed to take bear from news and drifted easier for want of attention.

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FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Jan 17, Jan 18, Jan 19, Jan 20, Jan 21, Jan 22, Jan 23, Jan 24, Jan 25, Jan 26, Jan 27, Jan 28, Jan 29, Jan 30, Jan 31, Year ago. Rows include Government Secs, Fixed Interest, Industrial, Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: High, Low, S.E. Activity. Rows include Govt. Secs, Fixed Int., Ind. Dtd., Gold Mines.

wake of the 54 per cent expansion in annual retail sales volume. Although a steeper tone was evident after the official close, falls remained in the majority.

With the exception of Hawker, down 8 at 380p, leading Engineers held up well. Selective buying was still being shown for several issues.

Shippings were highlighted by Milford Docks which improved 5 to 53p on talk of the company's possible involvement in Irish Sea exploration.

Deals in British Empire Securities and General Trust were highlighted by an announcement. Among Financials, Kakuzi hardened 5 to 85p in response to the third-quarter figures.

Low and Bonar good Low and Bonar featured with a rise of 1/2 at 185p following the encouraging statement on second-half trading plus the proposed partial public issue of Common shares in the company's wholly owned Canadian subsidiary Bonar Inc.

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under pressure owing to a combination of depressed precious and base-metal prices, and currency movements.

London Financials ran into heavy selling in the morning, reflecting the recent weakness of metal prices and the sterling exchange rate, but rallied later in the day.

Rio Tinto-Zinc, easily the most active stock in mining markets, dropped to 637p prior to closing change rate, but rallied later in the day.

The Leisure sector displayed a dull feature in Adams Leisure which plummeted 28 to 82p following the chairman's profits warning at the annual meeting.

AE advanced 6 1/2 for a two-day gain of 13 at 84p on strong feelings that given Monopolies Commission clearance, GKN will have substantially to increase its output.

Leading Properties ended a touch off in place, but Secondary issues were again selective.

Shippings were highlighted by Milford Docks which improved 5 to 53p on talk of the company's possible involvement in Irish Sea exploration.

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RECENT ISSUES

EQUITIES

Table with columns: Stock, Price, Change, etc. Rows include Brewmaker, Brit. Petroleum, Cable & Wireless, etc.

FIXED INTEREST STOCKS

Table with columns: Stock, Price, Change, etc. Rows include Allied Textile, Arden Elect, etc.

"RIGHTS" OFFERS

Table with columns: Stock, Price, Change, etc. Rows include Air Call, Carlton Communications, etc.

RISES AND FALLS YESTERDAY

Table with columns: Stock, Rise, Fall, Same, etc. Rows include British Petroleum, Foreign Bonds, etc.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, Price, Change, etc. Rows include Strong & Fisher, Ingram Harold, etc.

OPTIONS

Table with columns: Deal, Last, Declara, etc. Rows include First Deal, Last Deal, etc.

ACTIVE STOCKS

Table with columns: Stock, Price, Change, etc. Rows include AE, Booker McConnell, etc.

LONDON TRADED OPTIONS

Large table with columns: Option, Calls, Puts, etc. Rows include LASHB, LASHB, etc.

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BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Year	Stock	Price	% Chg	Yield
10/1	Each 11/10/1984	100.00	11.22	8.13
10/1	Each 11/10/1984	100.00	11.79	8.37
10/1	Each 11/10/1984	100.00	12.36	8.61
10/1	Each 11/10/1984	100.00	12.93	8.85
10/1	Each 11/10/1984	100.00	13.50	9.09
10/1	Each 11/10/1984	100.00	14.07	9.33
10/1	Each 11/10/1984	100.00	14.64	9.57
10/1	Each 11/10/1984	100.00	15.21	9.81
10/1	Each 11/10/1984	100.00	15.78	10.05
10/1	Each 11/10/1984	100.00	16.35	10.29
10/1	Each 11/10/1984	100.00	16.92	10.53
10/1	Each 11/10/1984	100.00	17.49	10.77
10/1	Each 11/10/1984	100.00	18.06	11.01
10/1	Each 11/10/1984	100.00	18.63	11.25
10/1	Each 11/10/1984	100.00	19.20	11.49
10/1	Each 11/10/1984	100.00	19.77	11.73
10/1	Each 11/10/1984	100.00	20.34	11.97
10/1	Each 11/10/1984	100.00	20.91	12.21
10/1	Each 11/10/1984	100.00	21.48	12.45
10/1	Each 11/10/1984	100.00	22.05	12.69
10/1	Each 11/10/1984	100.00	22.62	12.93
10/1	Each 11/10/1984	100.00	23.19	13.17
10/1	Each 11/10/1984	100.00	23.76	13.41
10/1	Each 11/10/1984	100.00	24.33	13.65
10/1	Each 11/10/1984	100.00	24.90	13.89
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10/1	Each 11/10/1984	100.00	26.04	14.37
10/1	Each 11/10/1984	100.00	26.61	14.61
10/1	Each 11/10/1984	100.00	27.18	14.85
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10/1	Each 11/10/1984	100.00	67.65	31.89
10/1	Each 11/10/1984	100.00	68.22	32.13
10/1	Each 11/10/1984	100.00	68.79	32.37
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10/1	Each 11/10/1984	100.00	95.58	43.65
10/1	Each 11/10/1984	100.00	96.15	43.89
10/1	Each 11/10/1984	100.00	96.72	44.13
10/1	Each 11/10/1984	100.00	97.29	44.37
10/1	Each 11/10/1984	100.00	97.86	44.61
10/1	Each 11/10/1984	100.00	98.43	44.85
10/1	Each 11/10/1984	100.00	99.00	45.09
10/1	Each 11/10/1984	100.00	99.57	45.33
10/1	Each 11/10/1984	100.00	100.14	45.57
10/1	Each 11/10/1984	100.00	100.71	45.81
10/1	Each 11/10/1984	100.00	101.28	46.05
10/1	Each 11/10/1984	100.00	101.85	46.29
10/1	Each 11/10/1984	100.00	102.42	46.53
10/1	Each 11/10/1984	100.00	102.99	46.77
10/1	Each 11/10/1984	100.00	103.56	47.01
10/1	Each 11/10/1984	100.00	104.13	47.25
10/1	Each 11/10/1984	100.00	104.70	47.49
10/1	Each 11/10/1984	100.00	105.27	47.73
10/1	Each 11/10/1984	100.00	105.84	47.97
10/1	Each 11/10/1984	100.00	106.41	48.21
10/1	Each 11/10/1984	100.00	106.98	48.45
10/1	Each 11/10/1984	100.00	107.55	48.69
10/1	Each 11/10/1984	100.00	108.12	48.93
10/1	Each 11/10/1984	100.00	108.69	49.17
10/1	Each 11/10/1984	100.00	109.26	49.41
10/1	Each 11/10/1984	100.00	109.83	49.65
10/1	Each 11/10/1984	100.00	110.40	49.89
10/1	Each 11/10/1984	100.00	110.97	50.13
10/1	Each 11/10/1984	100.00	111.54	50.37
10/1	Each 11/10/1984	100.00	112.11	50.61
10/1	Each 11/10/1984	100.00	112.68	50.85
10/1	Each 11/10/1984	100.00	113.25	51.09
10/1	Each 11/10/1984	100.00	113.82	51.33
10/1	Each 11/10/1984	100.00	114.39	51.57
10/1	Each 11/10/1984	100.00	114.96	51.81
10/1	Each 11/10/1984	100.00	115.53	52.05
10/1	Each 11/10/1984	100.00	116.10	52.29
10/1	Each 11/10/1984	100.00	116.67	52.53
10/1	Each 11/10/1984	100.00	117.24	52.77
10/1	Each 11/10/1984	100.00	117.81	53.01
10/1	Each 11/10/1984	100.00	118.38	53.25
10/1	Each 11/10/1984	100.00	118.95	53.49
10/1	Each 11/10/1984	100.00	119.52	53.73
10/1	Each 11/10/1984	100.00	120.09	53.97
10/1	Each 11/10/1984	100.00	120.66	54

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Allport Unit Trust, and others, with columns for name, manager, and other details.

FT UNIT TRUST INFORMATION SERVICE

Table listing unit trusts under the FT Information Service, including Crown Unit Trust Services Ltd, Gwyneth Unit Trust, and others.

Table listing unit trusts under the 'Saver & Prosper' category, including Saver & Prosper Unit Trust, Saver & Prosper II, and others.

Table listing unit trusts under the 'Insurance' category, including various life insurance and investment trusts.

Insurances-continued

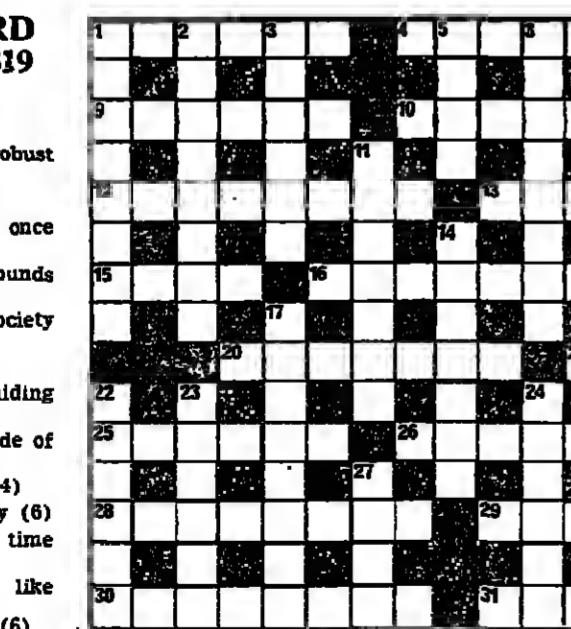
Table listing insurance companies and their products, including Albany Life Assurance Co Ltd, Capital Life Assurance, and others.

Table listing insurance companies and their products, including Crown Life, Kinnear Assurance Society, and others.

Table listing insurance companies and their products, including CAL Investments, Lazard Brothers & Co, and others.

F.T. CROSSWORD PUZZLE No. 5319

ACROSS
1 and 4 Evergreen and robust pair (5, 3, 5)
9 Pirate movie (6)
10 Thus old travellers once philosophised (8)
12 U.S./Canadian water sounds queer (4, 4)
13 Levels mixed at Art Society (6)
15 Sailor to add rest (4)
16 Car-washer garage hiding racer? (7)
20 Old Arm could be made of units (7)
21 It's under the County (4)
22 Stick in wages travesty (6)
26 Distress giver upset in time (8)
28 Experienced person like grandfather? (3-5)
29 Spy's way to interfere (6)
30 and 31 A slice of one's livelihood? (3, 6)



DOWN
1 No energy, so don't name so many (8)
2 Link with Yule may be doubtful (8)
3 University or College (6)
4 Kind of light seen in mine (4)
8 Describes old verse, an arrangement of a bit or no (7)
8 Animal to beat, Cane? (6)
9 Agreeable character (3-3)
11 Sort of thinking that's desirable? (7)
14 Put on trial a weather feature, we hear (7)
17 Trees change the course for some players (8)
18 It's built up yet doesn't reach fulfilment (3-5)
19 One of original thought in island resort (not north) (8)
22 Take a quiet look at the Doctor for coolness (6)
23 Game goes to the other side (6)
24 Gift material acquired in a form of luck (6)

Table listing insurance companies and their products, including St George Assurance Co Ltd, Scottish Provident, and others.

Table listing insurance companies and their products, including Acton Investment Fund SA, Acton Investment Fund, and others.

Money Market Trust Funds

Table listing money market trust funds, including Marlborough Ltd, National Westminster, and others.

Money Market Bank Accounts

Table listing money market bank accounts, including various banks and their services.

INSURANCE & OVERSEAS MANAGED FUNDS

Table listing various insurance and managed funds, including British National Life Assurance Co. Ltd., British Overseas Life Assurance Co. Ltd., and others, with columns for fund names and values.

Main table listing insurance and overseas managed funds, including Lloyd's Life Assurance Co., Property Growth Assur. Co. Ltd., Standard Life Assurance Company, and others, with columns for fund names and values.

Table listing offshore and overseas managed funds, including Members Fd. Mgrs. (G.L.) Ltd., Richmond Life Ass. Ltd., and others, with columns for fund names and values.

OFFSHORE AND OVERSEAS

NOTES
Prices are in pence unless otherwise indicated and
these decrease 5 with an extra note in U.S.
dollars. Yield % (shown in first column) allow for all
bonuses. Dividends are shown in pence unless
otherwise stated. A difference price indicates all
expenses are borne by the investor. Yield based on
price of 100 pence. Today's opening price.
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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar rises in erratic trading

The dollar recovered from a weak start to finish at its best level in currency markets yesterday. Initial trading saw the dollar marked down as the market remained influenced by recent economic data suggesting a slowdown in the growth of the U.S. economy.

\$2.5 in the morning and compared with \$2.2 on Monday and \$4.4 six months ago. The pound fell from its best level touched some time after lunch on rumours that Nigeria was contemplating a cut in its oil price.

Y331.5 but improved slightly against the Swiss franc to SwFr 3.1575 from SwFr 3.1550. D-MARK - Trading range against the dollar in 1983-84 is 2.4225 to 2.4377. December average 2.4287. Trade weighted index 123.2 against 128.7 six months ago.

FINANCIAL FUTURES

Gilts easier

Gilt prices lost ground in the London International Financial Futures Exchange yesterday. Early demand pushed values firmer on the strength of the U.S. bond market and sterling's improvement against the dollar.

There were few domestic factors to underpin prices with news of a rise in UK industrial production apparently having little effect. The March contract opened at 109.27 but selling developed as soon as a high of 110 was reached.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, % change from central rate, % change from previous day, % change from 1983-84 average. Includes Belgium, France, Germany, Italy, Netherlands, Luxembourg, Portugal, Spain, Greece, Ireland, UK, Denmark, Norway, Sweden, Switzerland, Austria, Japan, Singapore.

THE POUND SPOT AND FORWARD

Table with columns: Jan 17, Day's spread, Close, One month, % Three months, % Six months. Includes U.S., Canada, Netherlands, Belgium, Denmark, W. Ger., Italy, Portugal, Spain, Norway, Sweden, Japan, Austria, Switzerland.

THE DOLLAR SPOT AND FORWARD

Table with columns: Jan 17, Day's spread, Close, One month, % Three months, % Six months. Includes UK, Canada, Netherlands, Belgium, Denmark, W. Ger., Italy, Portugal, Spain, Norway, Sweden, Japan, Austria, Switzerland.

OTHER CURRENCIES

Table with columns: Jan 17, Close, Note Rates. Includes Argentina, Australia, Brazil, Canada, Denmark, Hong Kong, India, Iran, Israel, Kuwait, Lebanon, Malaysia, New Zealand, Saudi Arabia, Singapore, S. African Rand, U.A.E. Dirham.

CURRENCY RATES

Table with columns: Jan 17, Bank rate, Special rate, European Currency Unit. Includes Sterling, U.S. dollar, Canadian dollar, Australian dollar, New Zealand dollar, Japanese yen, Swiss franc, French franc, Italian lira, Dutch guilder, West German mark, Spanish peseta, Portuguese escudo, Greek drachma, Irish pound, Norwegian krone, Swedish krona, Danish krone, Norwegian kroner, Japanese yen, Swiss franc, French franc, Italian lira, Dutch guilder, West German mark, Spanish peseta, Portuguese escudo, Greek drachma, Irish pound, Norwegian krone, Swedish krona, Danish krone.

CURRENCY MOVEMENTS

Table with columns: Jan 17, Bank of, Morgan, Index, Change. Includes Sterling, U.S. dollar, Canadian dollar, Australian dollar, New Zealand dollar, Japanese yen, Swiss franc, French franc, Italian lira, Dutch guilder, West German mark, Spanish peseta, Portuguese escudo, Greek drachma, Irish pound, Norwegian krone, Swedish krona, Danish krone.

EXCHANGE CROSS RATES

Table with columns: Jan 17, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc. Includes Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc.

EURO-CURRENCY INTEREST RATES

Table with columns: Jan 17, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, French Franc, Italian Lira, Belgian Franc, Yen, Danish Kroner. Includes Short-term, 7 days notice, 1 month, 3 months, 6 months, One year.

MONEY MARKETS

London rates show little change

Interest rates were little changed in London yesterday in rather subdued trading. Three-month interbank money was quoted at 9 1/4 per cent compared with 9 1/4 per cent while three-month eligible bank bills were bid at 8 1/2 per cent.

MONEY RATES

Table with columns: Jan 17, Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, Dublin. Includes Overnight, 7 days notice, 1 month, 3 months, 6 months, One year.

LONDON MONEY RATES

Table with columns: Jan 17 1984, Sterling Certificate of deposit, Interbank, Local Authority deposits, Local House deposits, Finance House deposits, SDR Linked Deposits, ECU Linked Deposits. Includes Overnight, 7 days notice, 1 month, 3 months, 6 months, One year.

Discount Houses Deposit and Bill Rates

Table with columns: Jan 17 1984, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), Fine Trade (Buy), Fine Trade (Sell). Includes Overnight, 7 days notice, 1 month, 3 months, 6 months, One year.

FT LONDON INTERBANK FIXING

Table with columns: 1.00 a.m. January 17, 3 months U.S. dollars, bid 9 1/4 offer 9 1/4, bid 9 1/4 offer 9 1/4, bid 9 1/4 offer 9 1/4.

MONEY RATES

Table with columns: One month, Two months, Three months, Six months, Nine months, One year. Includes New York (Lunchtime), Prime rate, Bank loan rate, Fed funds at intervention, Treasury bills, Treasury notes, Treasury bonds.

FT LONDON INTERBANK FIXING

Table with columns: bid 9 1/4 offer 9 1/4, bid 9 1/4 offer 9 1/4, bid 9 1/4 offer 9 1/4, bid 9 1/4 offer 9 1/4.

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MONEY RATES

Table with columns: One month, Two months, Three months, Six months, Nine months, One year. Includes New York (Lunchtime), Prime rate, Bank loan rate, Fed funds at intervention, Treasury bills, Treasury notes, Treasury bonds.

LONDON

Table with columns: Three-month Eurodollar, Eurodollar, \$100,000, \$100,000, \$100,000. Includes March, June, Sept, Dec.

CHICAGO

Table with columns: U.S. Treasury Bonds (CBT) \$100,000, U.S. Treasury Bills (TMM) \$100,000. Includes March, June, Sept, Dec.

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Table with columns: Jan 17, Close, Note Rates. Includes Argentina, Australia, Brazil, Canada, Denmark, Hong Kong, India, Iran, Israel, Kuwait, Lebanon, Malaysia, New Zealand, Saudi Arabia, Singapore, S. African Rand, U.A.E. Dirham.

EXCHANGE CROSS RATES

Table with columns: Jan 17, Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc.

EURO-CURRENCY INTEREST RATES

Table with columns: Jan 17, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, French Franc, Italian Lira, Belgian Franc, Yen, Danish Kroner.

MONEY MARKETS

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Discount Houses Deposit and Bill Rates

Table with columns: Jan 17 1984, Treasury (Buy), Treasury (Sell), Eligible Bank (Buy), Eligible Bank (Sell), Fine Trade (Buy), Fine Trade (Sell).

FT LONDON INTERBANK FIXING

Table with columns: bid 9 1/4 offer 9 1/4, bid 9 1/4 offer 9 1/4, bid 9 1/4 offer 9 1/4, bid 9 1/4 offer 9 1/4.

MONEY RATES

Table with columns: One month, Two months, Three months, Six months, Nine months, One year. Includes New York (Lunchtime), Prime rate, Bank loan rate, Fed funds at intervention, Treasury bills, Treasury notes, Treasury bonds.

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\$300m

SECTION IV FINANCIAL TIMES SURVEY

Wednesday, January 18 1984

UK Hotels and Catering

As one of the nation's biggest employers and earners of foreign currency, the industry is now being taken more seriously in Whitehall and Westminster. Certainly tourism and leisure are seen as industries wide open for people with flair and determination to seize opportunities.

Two cheers from Whitehall

BY ARTHUR SANDLES

FOR THE British hotels and catering business, 1984 arrived with a sweet and sour flavour. The good news was that the industry overall had a slightly better time in 1983, particularly in some sectors of the hotel business, and this has left a mood of optimism for the coming 12 months. The bad news was that a business which is one of the nation's biggest employers, has one of the best growth records, and is turning in one of the best foreign earnings records is not taken seriously by Whitehall and Westminster.

To some extent the industry's image problem is easy enough to understand. Its operations run from seaside winkle stalls, through rural coffee shops and the school meals service to London's glittering Park Lane hotels. Although it is claimed that some 2m Britons rely on the industry for their jobs, definitions of its parameters are difficult. Even now that some nice things are being said about it, the industry's own inferiority complex makes its elder statesmen express the fear that this is simply because other business sectors are doing so badly.

This view may be over-cautious. It is certainly true that the more colourful end of

the business, that associated with tourism, has begun to capture not only the imagination of politicians but also the headlines.

"Jobs in tourism are already three times the number found in the car industry," Mr Norman Lamont, Minister of State for Industry, recently told a meeting of City investors. "But we have hardly yet begun to reap the benefits on offer. In the long run the industry could be as important in economic terms as North Sea oil, and already is more important in terms of jobs. The tourism and leisure industries are wide open for people with flair and determination, whether they be businessmen seeking profitable investment, or young people seeking worthwhile careers."

200,000 outlets

There are more than 200,000 food and drink outlets in Britain, a figure which includes prisons and hospitals, fast food outlets and some 70,000 pubs. Spending on eating out will probably itself exceed £4bn this year, and this figure excludes the amounts spent on institutional and industrial catering.

Most senior people in the industry feel that it does not get

the Government support it should, given its size, even if a conservative estimate is taken of employment levels (1.6m directly employed, or 2m if suppliers who rely on catering outlets are included). Industry consultant Mr Jonathan Rod-leader recently offered the UK industry as an example when speaking at a conference on tourism in the UN General Assembly Hall. "In Britain the Government spends about £1.5bn annually on industrial assistance," he said. "It spends about £50m on tourism—that is 3 per cent of the total on an industry employing 8 per cent of the employment force, a figure which could increase to 10 per cent."

A few weeks ago Mr Robert Tiltcher, in a detailed examination of the problems of UK hotel financing has been alarming," he said. Most financial institutions did not comprehend the mechanisms of the hotel industry, Mr Tiltcher added, and this lack of understanding had led to the neglect of the hotel industry within the institutions' much wider investment portfolios.

One of the difficulties has been that, traditionally, hotels do not show a quick return on capital. Indeed, for the first four or five years the results may be negative, after which the profits can be attractive. Such investment that has been secured has tended to be from sources which have recognised the hidden element, property values. Observers of the business, such as Mr Miles Quest,

a noted commentator, suggest that this is one of the reasons why it is so difficult to raise money for "one-off" projects. Major groups, which can offer returns on a package of established and new projects, have much more muscle in the business.

There is a near universal view that some governmental pump-priming is required. It is argued, for example, that the overall cost of job creation in the industry (per job) is scarcely more than the annual payment to one unemployed person.

Planning problems and high UK building costs, together with other inhibitions to investment, are patently affecting green field development in the hotel business, but in other sectors spending is suddenly on the increase. Hotels generally are being refurbished. In Park Lane alone, the figure for the past couple of years has been put at around £30m. This pattern has been repeated, if more modestly, throughout the country. Cash being spent by new owners on former British Transport Hotels properties demonstrates the enthusiasm for revamping accommodation in the hope of achieving improved occupancy levels at higher room rates.

In catering the spread of fast food outlets is apparent on every highway, with their Little Chops and Happy Eaters, and on every High Street, as Wimpy does battle with such trans-Atlantic immigrants as McDonalds and Pizza Hut. Even the revamping of a pub will seldom leave a brewer with much change out of £100,000 and some of the sophisticated U.S.-style franchise outlets involve initial investments in excess of £200,000. When the latest tourism

figures are finally computed, it will probably emerge that the number of Americans visiting the UK last year rose by around a third compared with 1982. The surge in traffic began when the exchange rate was well into the 150 dollars to the pound range, and it would thus take a spectacular fall in the dollar's value to dampen optimism about the coming year.

Industry soundings suggest that \$1.60 might be the level at which marketing in the U.S. became sticky again. The only other spanner that might fly into the works (other than terrorism or major political upsets in Europe or the Middle East) could be greediness and over-charging on the part of hoteliers themselves—something that has happened before. The impact would only be felt in 1985, when the rate of repeat bookings would fall.

Boom year

Given another boom year, overall profitability at the four-star, five-star and de luxe properties should again improve. According to researchers Howarth and Howarth, the average gross profitability of London hotels rose from 24.5 per cent in 1981-82 to 28.9 per cent in the following year, while in the provinces it went up from 17.8 to 21 per cent over the same period. It looks as if there will have been a further improvement in the current year.

Greene, Belfield-Smith and Company, management and development consultants, also noted an improvement in profitability and rising tariff rates which might make for a further improvement. "However, we would reiterate the warnings that have already been made as to the key importance of

UK hotels	No. of rooms	Ownership
Trusthouse Forte Hotels	208	Trusthouse Forte
Inter Hotel	103	N/A
Best Western Hotels	170	Consortium of independent hotels
Crest Hotels	54	Consortium of independent hotels
Thistle Hotels	39	5,097 Scottish and Newcastle Breweries
Queens Moat Houses	55	4,432 Queens Moat Houses
Mount Charlotte Hotels	38	4,274 Mount Charlotte Inns
Holiday Inns of America (UK)	17	4,836 Holiday Inns of Canada
Embassy Hotels	42	3,561 Commonwealth Holiday Inns
Ladbroke Hotels	32	3,500 Ladbroke Group
Swallow Hotels	31	3,000 Vaux Breweries
Grand Metropolitan Hotels (Intercontinental Hotels) (Forum Hotels)	8	2,995 Grand Metropolitan
Comfort Hotels	14	2,900 Comfort Hotels Int
Virani	19	2,280 Virani Group
Rank Hotels	5	2,074 Rank Organisation
Reo Stakis Hotels	24	2,000 Stakis
Prestige Hotels	22	1,560 Consortium of independent hotels
De Vere Hotels	14	1,560 De Vere Hotels
Novotel (UK)	3	1,888 Accor Group
Norfolk Capital	10	1,000 Norfolk Capital Group
Anchor Hotels	34	1,000 Imperial Group Allied Lyons
† Beds		

Chain	Proprietor	Type	Outlets
Little Chef	THF	Misc.†	314
Bernal Steak Houses	GM	Steak	248
Cavalier Steak Bars	Allied	Steak	118
Beefeater Steak Bars	Whitbread	Steak	100
Pizzaland	United Biscuits	Pizza	65
Toby Inns	Esss	Misc.	55
Oldo World Inns	Stakis	Steak	30
Ladbroke Taverns	Chef & Brewer/THF	Misc.	28
Kardomah	THF	Misc.	26
Pizza Express	Independent	Pizza	25
Heneky's	THF	Steak	24
Pizza Hut	Whitbread-PepsiCo	Pizza	24
Strikes	GM	Misc.	22
Garner's	Monseigneur Grills	Steak	20
Chancer Inns	Courage/Imperial	Steak	16
Spaghetti House	Independent	Italian	15
Falstaff Taverns	Courage/Imperial	Steak	14
Angus Steak Houses	Thistle/Scottish & Newcastle	Steak	12
Garfunkel's	Independent	Misc.	12
Marie & Francis	Kennedy Brookes	Italian	11
London Steak Houses	Alben-Lyons	Steak	10
Quality Inns	THF	Misc.	8

† Miscellaneous foods (mainly steak/burger or steak/burger/pizza).
Source: Trade Estimates/Key note.

ON OTHER PAGES
The impact on the economy; Recognition from the Government II; Catering industry; Employment and education III; London and provincial hotels IV; Marketing and Profile of a small hotel V; The business and conference connections VI

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We have 800 hotels in 33 countries around the world, yet every one of our hotels - whatever its style and wherever it happens to be - is staffed by people committed to providing the same meticulous standards of quality and care. Which means that wherever you look behind the greatest hotel names, you'll find us offering a quality and consistency of service that is truly unique.

Yours faithfully
Trusthouse Forte



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UK HOTELS & CATERING II

Arthur Sandles analyses the industry's increasing economic significance

Admitted growth potential...

BY ANY yardstick the significance of the hotels and catering industry in the economies of most nations today is huge. In Britain, if the views of Prime Minister Mrs Margaret Thatcher are any guide, it is at the heart of economic recovery.

The reasons for the sudden enthusiasm for the business are clear enough. Job creation is relatively cheap; demand growth is clearly the present pattern; the industry is a substantial generator of foreign currency. It is a substantial source of national and local taxation and it claims a rapid and impressive employment multiplier effect—jobs created rapidly provoke further jobs locally.

The continuing consumption of usually local furnishings, manufactured products such as crockery, and local skilled services, notably in the plumbing and electric fields, by the hotel is often overlooked.

It is, naturally enough, the macro-economics, however, which tend to be the attention grabbers. In 1982 Britain's total earnings from foreign tourism alone (including payments to airlines and shipping companies) topped the £4bn level. This is likely to have risen considerably in 1983 and the forecasts for 1984 are optimistic. Domestic holidaymaking involves spending well in excess of £3bn. Although all tourist spending is not on hotels and catering, much of it is, and without a healthy hotels and catering industry the tourist flows would not be there.

In his last annual report the chairman of the British Tourist Authority, Sir Henry Marking, pushed the point home hard. "The National Exchequer receives more than £500m annually in VAT and other taxes from overseas visitor spending,



Sir Henry Marking, chairman of the British Tourist Authority. His report calls for more tourist revenue to be reinvested in the industry

Some of this revenue should be reinvested in tourism, either in tax concessions to the trade or in increased grants to BTA and other national agencies for additional investment in basic attractions such as the heritage, theatre and arts."

Sir Henry's view is that total foreign currency earnings from tourism are expected to reach £6.7bn by 1987, with the number of visitors rising to 15m.

Horwath and Horwath consultant Mr Jonathan Bodlander stresses the remarkably rapid effect that investment—and notably Government support—can have in the tourist industry, hotels and catering. A major reason for this is the speed at which tourist projects tend to come on stream. The contrast between a hotel/resort complex, for example, against a nuclear power station would be striking in terms of the speed of construction, the size of numbers employed and the spin-off to the local

LARGE HOTELS		
Number of rooms	Outlets	%
200+	150	1.5
101-200	260	2.6
51-100	800	7.9
20-50	1,990	19.6
11-20	6,540	64.5
	9,740	96.1
Hotels	300	3.0
Holiday camps	99	0.9
	10,150	100.0

SMALL HOTELS		
Type	Outlets	%
Guest houses	24,000	42.7
Bed and breakfast	18,110	42.1
Farms	4,890	11.2
TOTAL	43,000	100.0

Source: Marketpower

its ability to employ large numbers of relatively unskilled staff. Increasingly, thanks to the marketing efforts of the business, these staff are employed on a year-round basis. On present forecasts the industry is looking to a rise of around 170,000 in its workforce over the next five years. Even the introduction of new technology, as much a feature of the catering business as it is of others, is not thought to be entirely negative, particularly in smaller establishments.

"The introduction of new technology simply means that existing staff have to learn how to use the new equipment. Manpower is not normally displaced and rather than a widespread process of de-skilling occurring, as has often happened with the introduction of new technology in other industries, there has been an extension of people's repertoires and of skills," says a recent detailed report on manpower in the business.

In fact the industry is concerned about a lack of manpower, particularly in the higher skilled sectors. "There is still a tendency for careers advisers to say to school leavers, 'you have not done very well, why not try catering.' But those are not the people we are looking for."

The key to the future of the hotels and catering industry in terms of its place in the economy will to some extent depend on how it is perceived by those who have power over it. If the industry is regarded as one of a transitory impact—in that if sterling were to revive against the dollar, or employment rose to levels at which potential employees had a range of options—then it is unlikely to flourish. There are signs that this may no longer be the case.

... merits Government response

IT WAS once said wryly to me by an industry leader who was trying to catch the ear of government at the time that the problems of the hotels and catering was that there were no votes in it. This perhaps cynical view was based on the fact that even in those days—and it was decades or more ago—although government, both central and local, was interested in the revenue and foreign currency which could be earned from tourism, voters themselves tended to regard new hotels, new hamburger houses and new holiday camps in much the same way as gypsy encampments and refuse dumps—we may need them but please put them in someone else's back garden.

The difference today is probably that the returns nationally are of such consequence, that it is no longer the case that tourism can be ignored or treated as a peripheral activity in a real world of manufacturing and the "muck and brass" industries.

Obviously it is in the field of employment that the strongest chord is being struck. A report produced recently for the Education and Training Advisory Council predicted that the industry as a whole would continue to be expansionist as far as employment was concerned for years to come. "With the exception of the industrial catering section all the other sectors are growing. In fact they are employing more people every year, which, in my opinion, is quite dramatic when compared to the national unemployment figures during the past five years, and they are projected to continue to increase," says Mr Dick Turpin,

managing director of Grandmet Catering Services and a leading light in the industry's training programmes.

"This, I believe, makes our industry one that should receive greater recognition from government. The hotel and catering industry is a growth industry."

Mr Turpin may not be casting his seeds on altogether stony ground. Mrs Thatcher herself recently told leaders of the industry: "Tourism is already one of our biggest industries. Its overseas earnings, in excess of £3bn, are equivalent to our total exports of road vehicles. Moreover, it has the potential to improve in its performance."

Increased leisure

She went on: "With increased leisure, higher real incomes and earlier retirement tourism in the next decade will be one of the great growth industries."

Even in London, where the local population has shown antagonism to further development, particularly of hotels, the Greater London Council which is controlled by a group whose political philosophies might not be perceived as sympathetic to leisure-based industries, particularly one which leans so heavily on the middle and upper sectors of the market, has shown considerable sympathy of late. The threatened withholding of funds for the London Tourist Board has apparently been quietly dropped, talk of a bed tax is now rarely heard and there is enthusiastic promotion from County Hall for London as a centre for both Britons and foreigners to visit. But it is to Mr Norman

Lamont, the Industry Minister directly responsible for much which affects hotels, catering and the tourist business, to whom the industry has largely looked for sympathy—and above all action. Mr Lamont appears at the moment to be getting a cautiously friendly reception. As long as he keeps calling tourism "a resource we can ill afford to neglect" this friendliness is likely to continue.

An indication that there might be more than words from the Government has come recently in the form of the White Paper on regional policy. This spells out new interest in the service industries. In particular it records the fact that Government is keen to have outside opinions on what sort of support the service industries should have, particularly in the field of incentives.

There is a mixed view of the last major intervention by Government into the catering business. A little over a decade ago a grant scheme offered substantial support to hotel developers. New projects sprouted throughout the country. Much of the nation's more modern bed-stock, and most of London's can be traced back to this action. The big question is whether this growth would have taken place without Government action or whether today we would be stumbling along with ageing hotels and a much reduced tourism business.

One trend which seems likely to emerge is that grants and support in the future are much less likely to be on the scatter-gun principle. "If we anticipate correctly the Government's regional policy will be much more selective and grants dis-

cretionary rather than available automatically," says Mr Michael Montague of the English Tourist Board.

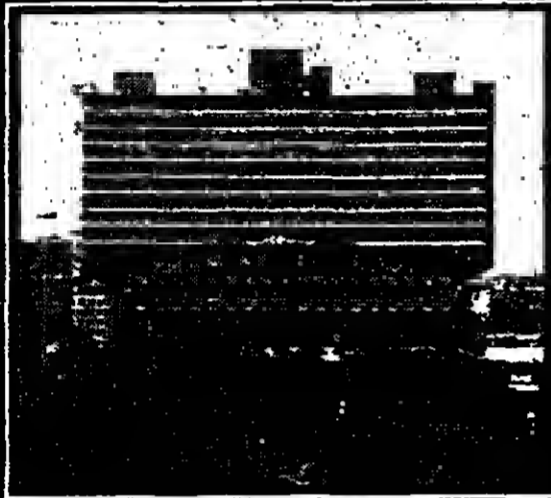
Mr Montague was speaking at the launch of a new company, Leisure Development, which is funded by five City institutions and run by two well-known catering industry figures, Mr Robert Upsdell, formerly of the Ledbrooke Group, and Mr John Knight, one-time EMI Leisure director. Leisure Development sees much of its role as helping to bring together entrepreneurial expertise, institutional money and such governmental support as may be available.

Successful launch

Clearly others like Mr Montague would like to see more help in drawing the strings together. "The successful launch of this fund is a unique example of public and private sector co-operation and a venture which, through access to high-quality advice, will help strip away the suspicion surrounding leisure and tourism investment, a suspicion almost universally founded on lack of expertise in assessing the true potential and performance of one of this country's future winning industries."

There are some in the business who will say that if it is to continue to be a winning one then Government may have to bite on the bullet and start treating it on the same basis as manufacturing, notably in the field of industrial building allowances, where the hotels rate is 20 per cent and industry 75 per cent. But at least the signs of encouragement are there.

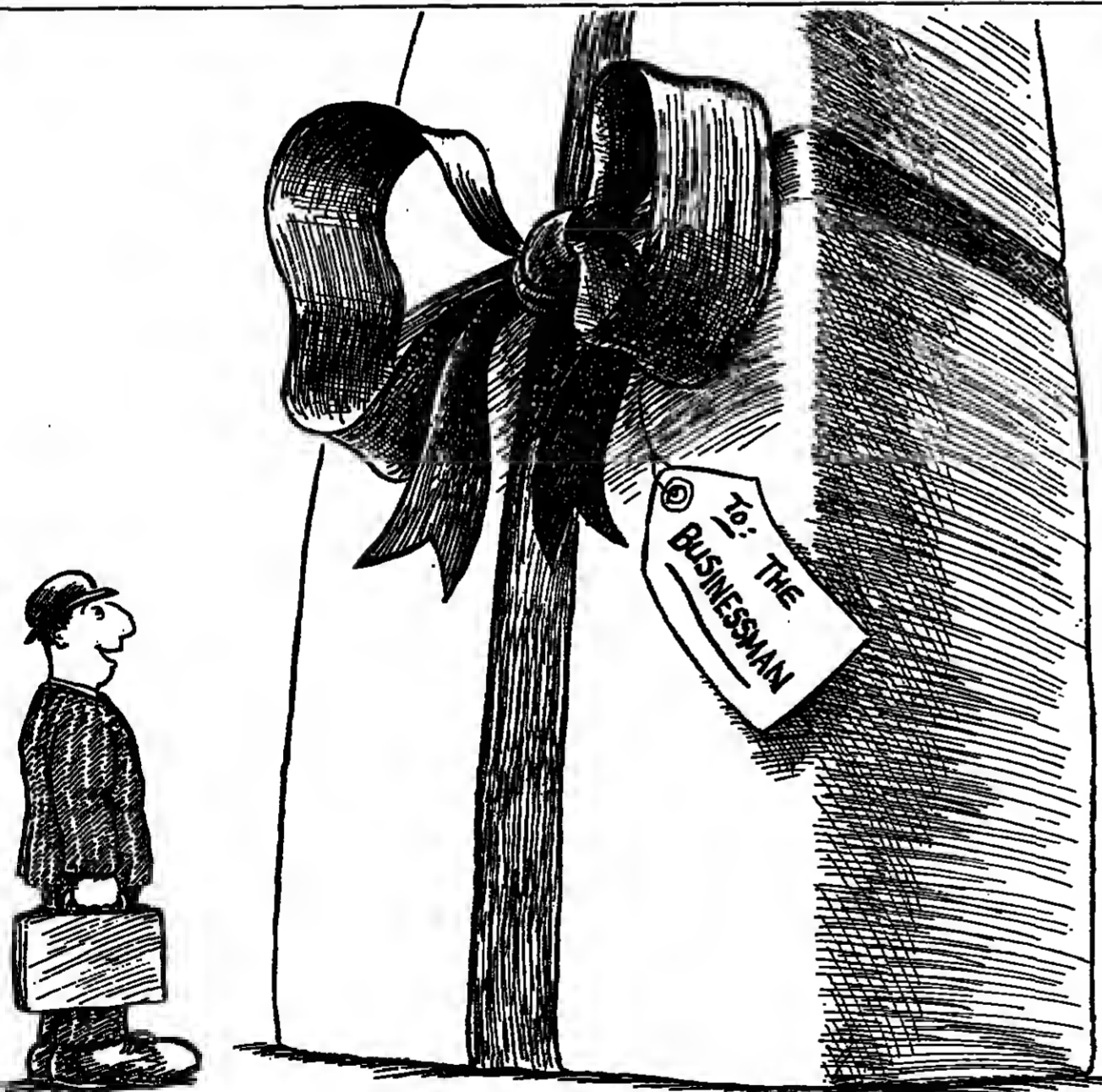
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UK HOTELS & CATERING III

Swing to fast-food outlets provides more opportunities for the sector, says David Churchill

Catering for changing tastes

SUMMARY OF FOOD PURCHASES

Sector	£m	%
Large hotels.....	482.2	14.2
Small hotels.....	181.8	5.4
Restaurants.....	214.6	6.3
Pubs.....	298.1	8.8
Fast food.....	115.5	3.4
Travel.....	48.5	1.4
Cafes.....	165.8	4.9
Take aways.....	304.6	8.9
Clubs.....	69.7	2.0
Entertainment.....	118.6	3.5
Canteens.....	375.3	11.1
National health.....	525.5	15.5
Private health.....	32.0	0.9
State education.....	385.2	10.8
Private education.....	52.5	1.5
Public services.....	20.0	0.6
Welfare feeding.....	24.2	0.7
TOTAL.....	3,385.0	100.0

£m are quoted at 1981 manufacturers' or produce suppliers' prices.

Scope for growth

Another survey by the British Market Research Bureau and Mintel found that the incidence of consumers eating take-away food was much higher. Some three-quarters of this survey claimed to have bought some type of take-away food within the previous month. Not surprisingly, fish and chips was the most popular—bought by nearly half—followed by Chinese, chicken and then burger meals. Although the fast food outlets have captured most of the attention of the catering world in recent years, the dramatic growth is unlikely to be maintained. Instead, the areas most likely to show growth are the pub and club markets where quick service meals will increasingly be served with drinks.

OUTLETS BY REGION

Region	Outlets	%
London.....	33,820	16.6
South east.....	22,323	7.9
South west.....	15,989	4.7
West country.....	24,429	7.7
Thames Valley.....	16,515	5.2
East Anglia.....	19,873	6.1
East Midlands.....	19,448	6.1
West Midlands.....	28,104	8.8
Yorkshire.....	25,739	8.1
North West.....	31,789	10.0
Cumbria.....	5,134	1.6
Northumbria.....	13,574	4.3
Wales.....	25,029	7.5
Scotland.....	38,154	12.0
TOTAL.....	319,030	100.0

Source: Marketpower.

THE CATERING MARKET

	No. of Outlets	%
Hotels	53,130	16.7
Restaurants	13,490	4.2
Pubs	73,210	23.0
Fast Food	1,130	0.4
Travel	220	0.1
Cafes and Take Aways	37,870	11.8
Clubs and Entertainment	60,630	19.1
Canteens	26,050	8.2
Health Care	11,930	3.7
Education	37,720	11.9
Public Services	3,450	1.0
TOTAL	318,130	100.0

Source: Institute of Grocery Distribution



53,000 or 16.7 per cent of the total. Further analysis of the IGD figures for the hotel sector shows that smaller hotels predominated in this figure. There were some 43,000 hotels with fewer than 10 rooms and these purchased, in total, some £161.8m worth of food and £8.6m of beverages. There were 6,540 hotels with between 11 and 25 rooms who bought £157.7m worth of food and £42.7m of beverages.

Hotels with between 26 and 50 rooms numbered 2,990 and accounted for £136.4m of food bought and £8m of drinks. The largest hotels and holiday camps totalled 1,300 and accounted for £18.1m of food and £54.8m of beverages.

The IGD survey forecasts a decline in small hotels over the next decade.

"Food purchases are expected to fall as well, mainly because we believe customers will be attracted by cheaper meals in competitive establishments," says the survey.

"Hotel purchases of food and beverages are also affected by business confidence reflected in room occupancy and meals eaten by businessmen... as well as the impact of tourists who account for about 30 per cent of all meals eaten in hotels."

THE CATERING industry has had a tough time over the past few years. Not only has the recession hit the market because of fewer people in work and less spending money around but there have also been some underlying shifts in eating habits which have changed the structure of the industry.

The growth of fast-food outlets and the greater willingness of pubs to offer decent food, for example, has meant that traditional catering outlets have suffered.

According to a recent survey from the Institute of Grocery Distribution, the number of catering outlets has fallen by 17,700 over the past 10 years to reach some 318,200 at present. By 1986, it is forecast that this number will have been reduced by another 14,000.

At the same time, however, these shifts in the market have opened up new opportunities for companies able to spot the new trends. Over the past decade, for example, British consumers have become more willing to experiment with continental

cuisine and exotic drinks as a consequence of more exposure to foreign travel. Moreover, there are now more women in the workforce than a decade ago in spite of the slump in employment.

More women workers and more foreign travel—alleged to a rising living standard for those in work—have meant the growth in popularity of such drinks as lager, rum and white wine.

£16.1bn spent

More working women and the changed social patterns involving the young has also brought changes in traditional family lifestyle—hence the popularity of eating out in fast-food or other types of new food outlets.

The size of the total catering market is open to some conjecture since it depends whether you include such areas as food and drink provided by hotel room service or food served up to those detained in prison at Her Majesty's Pleasure.

One estimate, produced by the Euromonitor market research company, suggested that total consumer expenditure on catering in all forms amounted to some £16.1bn in 1981, or £11.1bn at 1977 prices.

Of this total, some £5.5bn went on food catering, almost £6bn on accommodation, £5.3bn on drinks, and £1.9bn on other forms of catering.

Euromonitor also calculated that there was some £3.8bn spent on "institutional" catering, such as schools, hospitals, and prisons.

The IGD survey of the catering industry, however, tackled the problem of market definition in another way. According to this survey, caterers bought that year and spent some £250m on alcoholic beverages. Hotels in particular were found to have spent some £80m on food and beverage purchases, or just over 20 per cent of the total spent by caterers.

Another key measure of the catering market, the IGD suggests, is the total number of meals which are eaten. The IGD definition of a meal was "any transaction involving the use of a dinner plate or take-away pack."

Accordingly, the survey found that meals worth a total of £7.6bn were eaten a year. Hotels accounted for only 325m meals, or 4.2 per cent of the total, with educational establishments, cafes and canteens dominating the market.

The IGD's survey also revealed that out of the total 318,000 catering outlets, the hotel trade accounted for some

Plenty of jobs but level of pay is low

THE HOTEL and catering industry is highly labour intensive and employs nearly one-tenth of the entire British workforce.

The last detailed employment survey—carried out in 1977—estimated total employment at 1.7m. With local authorities and the NHS included the number rises to 2.1m. Most observers believe that that figure has held steady during the last few years bearing out the widespread assumption that service industries are going to provide an ever increasing proportion of employment.

Recession-induced rationalisation has led to a degree of job shedding in pubs, hotels, industrial catering and particularly restaurants but that has been partly compensated for by job creation in fast food outlets and increased demand.

The Hotel and Catering Industry Training Board estimates that employment in the industry will increase by 10 per cent over the next five years fluctuating between optimistic and pessimistic estimates of 14 per cent and 4 per cent respectively.

The main areas of jobs are hotels and guest houses (500,000), restaurants and cafes (300,000), industrial catering (150,000), pubs and clubs (570,000) and local authorities (880,000).

Mr Frank Bird, personnel and training adviser to the British Hotels, Restaurants and Catering Association, says that labour costs on average account for about 30 per cent of turnover—much higher than most other industries.

That is one reason why low pay appears to be endemic in this sector. Other reasons include the large number of small family employers; the structure of the workforce which is highly mobile, more than 50 per cent part-time and nearly 75 per cent female.

Marginal

For the same reasons unionisation (outside of local authorities and the NHS) is marginal. The biggest is the Hotel Workers' union, part of the General, Municipal and Boiler-makers, with between 30,000 and 35,000 members.

The Transport and General Workers' Union and the Union of Shop, Distributive and Allied Workers also have a few thousand members between them.

Recruitment and retention of members is a constant struggle. The unions have national agreements with a handful of the larger hotel chains such as Grand Metropolitan, Crest and Thistle—but actual membership is often below 25 per cent even in those establishments and there is only one closed shop (at Butlins).

Some groups such as Trusthouse Forte positively discourage unions.

There have been a few high profile recognition battles in recent years most notably at the Garners Steak House chain in London and at Claridge's both of which were lost by the unions. They have done better at conferences—reports like Scarborough and Blackpool where the wider trade union movement has been able to exert influence.

Union membership reached a peak just before the 1979 election but despite numerous recruitment drives (another is planned soon) it is not likely to increase substantially in the near future.

Union officials however have an influence far beyond their tiny memberships as the main

employee voice on the industry's three wages councils. The councils will continue to lay down minimum rates for the industry until at least the end of 1986 when they face abolition.

The Licensed Residential Establishment and Licensed Restaurant Wages Council—which covers about 500,000 workers—provides a minimum of £64.80 for service workers (£58.80 outside London) and £75.20 (£69 outside London) for "other workers." Service workers get less because they are expected to receive tips.

The Unlicensed Places of Refreshment council covers about 200,000 and provides a minimum of £65.66 for non-service workers. The licensed non-residential establishments—essentially pubs and clubs—provides a minimum of £65.90 for 550,000 people.

Of course many skilled and semi-skilled workers receive considerably more than that. The new earnings survey, for example, gives average weekly earnings at £70 for women and £90 for men—although that is based on larger work-places but a large minority actually receive the minimum.

Union complaint

The average union agreement gives a basic of about £76 but Mr George Lawson, general secretary of the hotel and catering section of the GMB, says the average income of a waiter today is 48 per cent of the male average compared with 67 per cent of the average in 1947.

Another complaint from the unions is that four out of 10 establishments covered by wages councils pay below legal rates and only a small number are prosecuted every year. The employers say that although the number of wages inspectors has been cut they still inspect about 10 per cent a year and that over half the cases of underpaying are technical misunderstandings. They also argue that in terms of the number of employees affected the prosecution level is tiny.

According to the unions low pay leads to low productivity and an inadequate career and training structure. But there is now a steady decrease in casualisation and training in recent years has been expanding steadily.

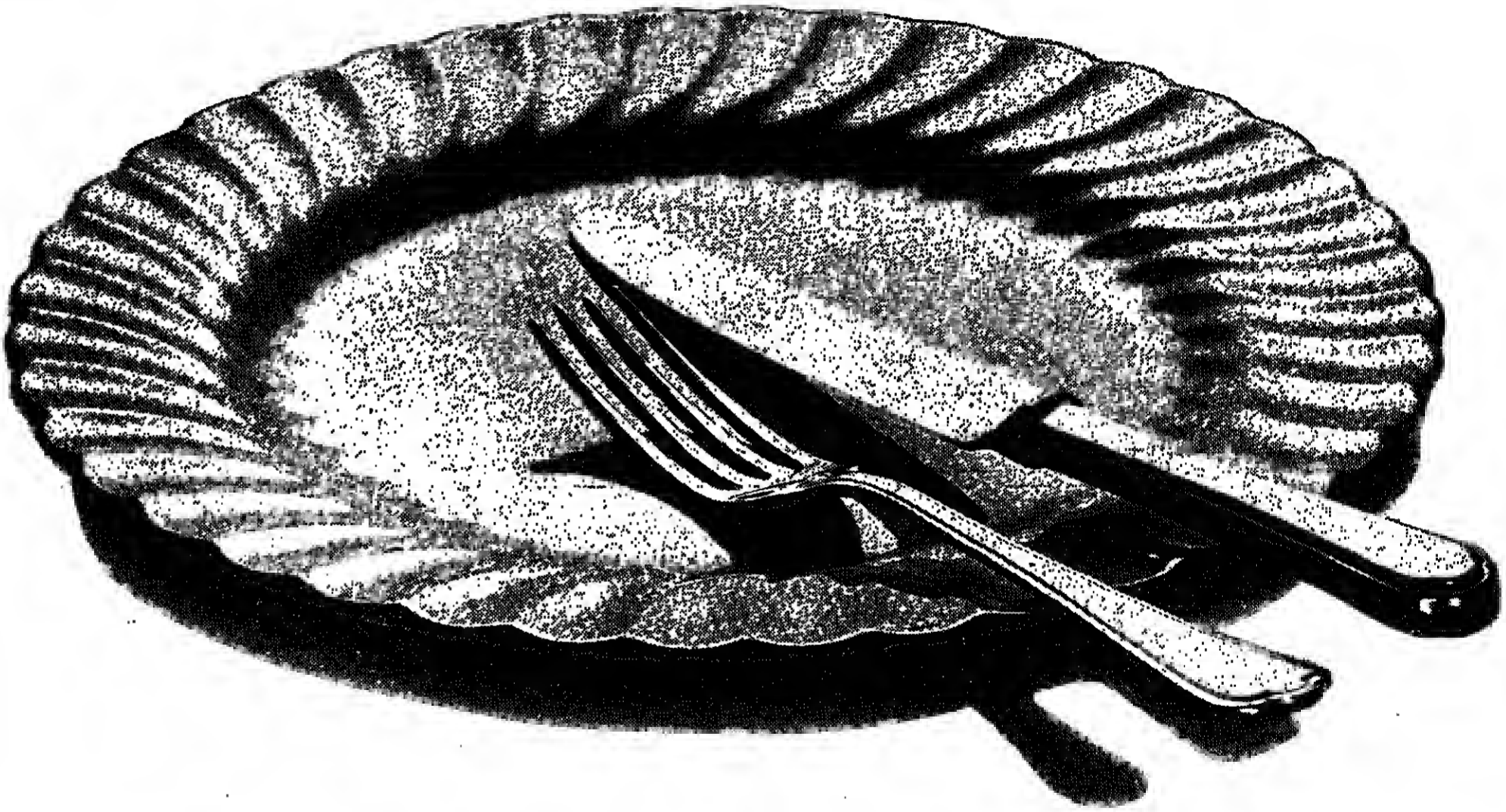
Only 12 per cent of the workforce now have any kind of catering qualification and many employers complain that catering colleges are producing too many managers and not enough craftsmen.

The present training courses in colleges of further education, polytechnics and universities, are however expected to turn out 80,000 qualified people over the next five years which amounts to about 40 per cent of the 200,000 new trained personnel needed.

Qualifications are—as you would expect—unevenly spread compared with 52 per cent of managers. The sector with the highest proportion of qualified people is hospitals and the lowest is pubs and clubs. Men tend to be more qualified than women and younger people more qualified than older.

One thing that most of the workforce has in common is a high degree of flexibility. A recent ETAC survey showed that two-thirds of its sample worked in at least three out of six basic work areas.

David Goodhart



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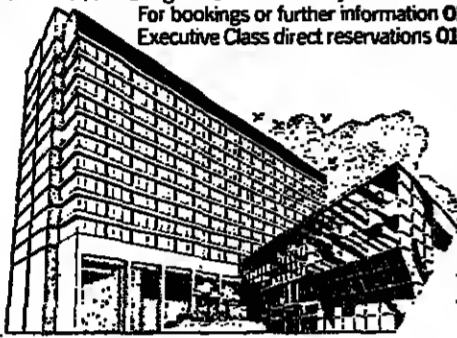
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Facilities for London hotels: left to right: residents' lounge at the Grafton, one of the Edwardian Group; lobby lounge at the London Hilton and the Michelin-starred Chelsea Room at the Hyatt Carlton Tower

Glossier image for Park Lane

WHATEVER ELSE London has seen over the past couple of years in the hotels and catering business the underlying theme has been change.

Ownerships have changed, hotels are changed as the groups indulge in extensive refurbishing and development schemes, new restaurants and fast food outlets have opened, pubs have been upgraded, the wine bar boom has levelled off, institutional catering has been under threat and industrial caterers are finding companies more demanding but less enthusiastic about heavy subsidies.

Apart from all that life has been relatively quiet. Clearly the most spectacular and intriguing developments have been on London's Park Lane strip where the various hotel owners have been pouring an unprecedented amount of money into their properties. At a conservative estimate some

£30m has been spent over the past two or three years, not to build more rooms but simply to upgrade those rooms which are already there and to provide additional facilities.

Peak of iceberg

Park Lane may be regarded as simply the glossy peak of a huge iceberg, but it does serve to exemplify the London hotel business at the moment—better occupancies, a more discriminating custom and high investment.

The fortunes of the strip began to change a little over two years ago. Both sales and operating profits have been increasing steadily since then and, perhaps more significantly, according to researchers Greene, Belfield-Smith and Company, the rate of increase in profits has been somewhat greater than the rate of increase in tariffs. This confirms that either

occupancy levels have been increasing, or that ways have been found of increasing efficiency. In fact both seem to have been the case.

Just as fortune has begun to smile again in terms of the number of visitors, so hoteliers have been finding ways of maximising their resources. A classic example is Trusthouse Forte's flagship, the Grosvenor House, which has seen a £6m spend over the past couple of years.

Much of this money has been spent backstage, on such projects as improved air conditioning, but the transformation of the huge ground floor area into lively, and revenue producing, sectors of the hotel is obvious to any visitor.

Grosvenor House's moves in replacing its two former restaurants with three, including TEF's new prestige restaurant operation, Ninety Park

Lane. There seems little doubt that Lord Forte was keen that the Grosvenor House's catering should not be overshadowed by the Dorchester's Terrace, which has been picking up praise and custom over the last couple of years.

Big spenders

Latest of the big spenders is the Hilton, oldest of the new wave of post-war hotels on the strip. Hilton is spending around £5m, and again there will be a strong emphasis on catering. The old Tavern is going, and will make way for a much enlarged lobby but also one which serves food. The first floor lounge area, used as the Patio bar and light food section of the hotel, is making way for a new British Harvest restaurant.

Obviously the trend is infectious. The Inter-Continental

is revamping its Hamiltons disco, bar and restaurant and planning the introduction of a new supper club.

All these developments are an indication of the ways in which the major hotels of the city are expanding and investing at the moment. The move is by no means confined to Park Lane.

The Savoy has just completed major changes, including a re-think of the menu, at its legendary Grill, the Hyatt Carlton Tower is completing major renovations and the complete reconstruction of the lobby area and the Britannia is seeing substantial works on its ground floor.

The picture in other sectors of the market also suggests substantial investment, although overall it must be said that two, three and four star properties have shown only a marginal

recovery in traffic so far when compared with the de luxe end of the business.

Ownership changes

Much of the investment has been the result of ownership changes. For example, no one had ever heard of Mr. Jastinder Singh when he bought the Vanderbilt Hotel in the Cromwell Road in 1978. Today the energetic Mr. Singh and his Edwardian Group has six London properties, including purchases from Grand Met and Crest. Over the past 18 months he has spent £14m on refurbishing.

It is clear from this, and numerous other London projects that there is considerable confidence for the coming few years. The one thing that could upset the picture is a sudden upsurge in the value of sterling.

Arthur Sandles

Antony Thorncroft explains why brighter times are expected

Provincial bookings pick up

BRITAIN'S PROVINCIAL hotels shook off some of the depression of recent years in 1983. Business did not increase as much as in their London counterparts but the English Tourist Board, which monitors occupancy, was able to report that in September, the last month with a record, countryside hotels were registering an occupancy of 64 per cent, a 2 per cent rise on 1981, and small town hotels were 4 per cent up at 70 per cent.

Even seaside hotels were reversing their declining trend and only hotels in large towns, with a 63 per cent occupancy, showed no growth.

September was a particularly good month, but the charts showed rises on every month of 1982 and suggest that the new companies moving into the provinces were both shrewd in their development and right in their marketing approach.

A shake up

Provincial hotels, until recently, had a poor image, sharing the reputation of London hotels for being expensive yet offering lower standards. But the constant buying and selling of hotels, as well as the construction of new ones, has brought into the business companies, both British and foreign, which intend to shake off the past and to raise the appeal of their hotels by investing in improvements and selling them more energetically in the two obvious growth areas to the business traveller and the conference trade, and as the venue for a short break holiday.

It is estimated that the number of trips spent on short breaks is fast approaching the 40m level involving four nights

or more occupancy. The hotels most favoured by the business traveller, such as the Crest chain, have noticed a pick-up in trade since the summer, very much in line with the slow improvement in the economy and corporate confidence.

Trusthouse Forte, by far the largest hotel chain in the country with over 180 outlets, has recorded slight growth in the provinces, although nothing like the improvement in London, and believes that its spread of custom—half business, half leisure—and its spring decision to freeze prices until March 1 1984, has enabled it to survive the recession and still remain expansion-minded: it opened in Cambridge and Leicester last year, and opens at Wrotham in the spring.

TEF reflects the traditional hotelier. Its one-time rival, Grand Metropolitan, has virtually withdrawn from the business, selling most of its hotels to Queen's Moat Houses, and a new generation of hotel chains is investing heavily in improving the UK's provincial hotels, Crest, a Bass subsidiary, bought the Esso and Centre groups, and has spent £15m on refurbishment. It now has over 50 hotels.

Other brewers are equally busy. Thistle, part of Scottish & Newcastle, has 39 hotels and is a vigorous marketing organisation; Swallow (part of Sunderland-based Vaux Breweries) now owns over 30 hotels; and Embassy (Allied Breweries) 40. Along with the active Ladbrooke Group, Mount Charlotte, Norfolk Capital, and the Metro-pole provincial hotels are being progressively modernised and turned into leisure centres.

To some extent they are

following the path of the American international hotel groups who have also recently discovered the provinces. Holiday Inn was the first off the mark, at Leicester in 1972, and the swimming pools it regards as mandatory, are now being copied by its British rivals. Holiday Inn has 17 hotels in the UK and plans to build another 530 rooms over the next six years (at £10,000 a room).

Ambitious plans

Sheraton is even more ambitious, with a programme of eight hotels by 1989, at £50,000 a room; and Ramada, which has just opened at Reading, plans 10 more hotels in the next decade in an £80m drive. Unlike the British companies the Americans are concentrating on the top end of the market, perhaps influenced by the success of London's luxury hotels.

But while American business considers the provinces to be a happy hunting ground, North American tourists rarely stray there. Only 12 per cent of bookings in countryside hotels last year were made by overseas visitors: international marketing has yet to repeat the success of the domestic sales drive. In 1982 short holidays in the UK generated £225m, and the 1983 figure will be much higher.

All the hotel chains are developing schemes to attract the British for a second holiday at home. Even the hotels which retain their independent ownership are marketing themselves with American panache, in particular the 170 hotels in the East-Western consortium and the 100 in Inter Hotel.

The individual hotel, or small groups, can more than match their bigger rivals. This is particularly true of Gleneagles Hotels, the three in Scotland headed by Gleneagles, the only five star hotel north of the border. Since they were sold by British Rail in 1981 over £6m has been spent on modernisation, and Gleneagles on its own produced a £1m profit by the end of 1983.

Gleneagles is now open all year round, but has still raised its occupancy by 2 per cent to 62 per cent in 1983. It has a custom built conference suite with audio visual and simultaneous translation facilities and there is a £1.5m country club for interior sports and recreation. The group is now being actively pursued by Arthur Bell and Sons, the Scotch whisky distillers who have put in a bid worth more than £20m.

While Gleneagles is developing at the top end of the market humbler provincial hotels are working more modestly. Modernisation and extra rooms to existing well-sited hotels rather than green field building is the approach of many groups, although there is also a rash of new hotel construction. There is a danger that provincial hotels might copy London and raise their prices above the inflation rate: some did so in 1983. But, in the main, increasing competition, helped by both American experience and the marketing skills of new owners, will ensure that standards will continue to rise, even ahead of prices.



Entrance to the Ghyll Manor Hotel at Rumper, near Horsham, Sussex. Below: four-poster accommodation.



Glyn Gosh

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Country house-style arrival at the Copthorne Hotel, ten minutes drive from Gatwick Airport.

UK HOTELS & CATERING V

Executives are being wooed by hotel chains. Antony Thorncroft reports

Big marketing drive

HOTELS WERE late into marketing but now they are catching up with a vengeance. The new groups that have moved into the industry in recent years have concentrated first on rationalising their outlets, and investing heavily in the best properties, to bring them up to a uniform standard.

Now they are starting to tell the world, or at least the business customer, that British hotels are capable of comparison with their overseas competitors. The activities of Thistle and Crest are typical. Both groups are owned by brewers, Scottish & Newcastle and Bass; both have spent substantial sums, £24m and £15m respectively, on raising the standards of their hotels so that the visitor now knows what to expect from the chain. The uniformity of product is the first step in the marketing programme.

The second is to add the name Crest and Thistle to all the hotels and convert the outside appearance so that any passer-by can immediately recognise the brand. This can be an expensive business: Thistle is spending £5m on such external signs, flags and exterior. Only now can the companies consider advertising, with the business community their likely first targets.

An upturn in the economy has convinced the hotel groups that executive travel is the key to profitability. Guests on holiday are mainly sought for short weekend breaks to fill the rooms vacated by the businessmen. This makes good economic sense: executives, through their companies, pay either the full rate or close to it while the short breaks are useful in contributing towards the hotels' running costs.

Discounts
The main drive towards the businessman is through corporate discounts, or executive club membership, whereby cardholders qualify for savings and also rewards — such as weekends for the long suffering family after so many bookings. Most hotel chains now run such schemes, and some have taken the marketing to the executive even further by establishing floors in their hotels geared for the corporate traveller, who is also encouraged to book in at a special desk.

Thistle is about to launch a network of small, four-star hotels in attractive country house settings aimed at the businessman: it feels that the big groups are too broad to specialise in the market, and the independents lack the resources.

Crest is making a play for the woman executive, with special bedrooms in its city centre hotels earmarked for women guests. They have Laura Ashley designs and items such as hairdryers, make-up mirrors, shampoo and women's magazines.

The independently run hotel, or small chains, are competing with the well financed newcomers by amalgamating their marketing efforts. Best Western Hotels, the largest consortium, now has 170 member hotels and 8,000 rooms, making it second in size to Trusthouse Forte.

It has been so successful in promoting the fact that a group of independent hotels can offer assured standards that recent research suggests that 15 per cent of its customers book because they are aware that the hotel is a member of Best Western, and 42 per cent know of the fact before they arrive. Best Western's hotels are scattered around the country, and more are in holiday areas than the chains. Half their custom is from tourists. It is thus more dependent on the short breaks which are seen as a growth area: in a year the consortium offers over 200 specialist breaks, ranging from weekends built around sailing or tennis, to food and theatre.

The English Tourist Board's own "Let's Go" short holidays attracted 400,000 customers, and £20m direct revenue to the hotels in 1982-83: the hotels' own efforts must have multiplied this income many times over.

Marketing for businessmen; marketing for short breaks — and building up an international network: this is the third prong of the hotels' sales effort. At the moment THF is one of the leading British hotel chains which owns enough hotels overseas to be able to market the UK directly to foreign markets.

N. American guests
Last year it estimates that 250,000 of its guests came from North America, and it is particularly successful with its chain of 18 exclusive hotels worldwide, which maintain close links.

THF has had mixed experiences with advertising, sometimes spending a fortune across the board, sometimes, as now, concentrating its effort on the business market. As a sector, hotels are not heavy advertisers. Advertising is likely to be a big development, the natural consequence of having something worthwhile to promote.

The reality that is needed to make a dream come true

There's a small hotel . . .

IT WAS just over ten years ago that Derek Winsor decided he would like to own and operate a small hotel. Now he is established in the thriving Haven Hotel on the outskirts of Esher, one of Surrey's plush suburbs.

As befits the former marketing co-ordinator for P and O's Passenger Division he was clear about his aims: to find an hotel with the right location and to operate a pricing policy pitched in the middle range.

He and his wife, Valerie, took some time to find the Haven Hotel but as the floor plan shows they can now look back knowing that they have made a success of the venture.

"If you get it right you can create a pleasant living for yourself and family and retain your independence. But don't expect to make a fortune," is how Mr Winsor sums up his achievements.

He also feels that it probably needs five years at least to operate the hotel before deciding just how successful the venture is. It would be possible to continue to make a profit with an established hotel for the first two or three years but failure to invest in such things as decorating and improving facilities would eventually show through in the returns.

Two sources

Although the sums might seem large it should be borne in mind that any notional value of the hotel, estimated at £375,000 — after paying whatever Capital Gains Tax would be due on part of it — would have to provide any income for his family. If he had stayed with P and O he could have expected a substantial pension.

Business comes from two sources: a handy local meeting place for local small firms, business organisation lunches and family gatherings — there were more than 20 guests there attending a local bar mitzvah the weekend I visited the hotel — and regular tourists from as



Derek Winsor, owner of the Haven Hotel, Esher: he found the right route to success

far afield as South Africa and Australia.

For them, the hotel is conveniently situated for London, about 15 miles away, and such places as Hampton Court Palace and Sandown racecourse. Mr Winsor's former links with P and O are made use of in attracting tourists from abroad.

By pitching his charges at an average of £31 for two (bed and breakfast) he finds he can maintain average occupancy of the 20 bedrooms at 83 per cent, a level which many hoteliers might envy. As his capital expenditure suggests he has maintained a high level of refurbishment and can now offer completely private facilities for 62 per cent of his guests.

As well as a regular staff he is able to draw on part-timers and his posters are drawn up well in advance so that he can deal quickly with any emergencies. "Staffing is no problem," he says for there is actually a waiting list for jobs in the hotel.

He now has three managerial staff — two men and a woman who live in the hotel while he and his family live in a house in the grounds.

He also operates a bar that is restricted to residents and people using the dining facilities.

Mr Winsor also works as a counsellor for between 100 to 150 days a year for the Small Firms Service of the Department of Trade and Industry. His task is to advise would-be entrepreneurs and existing businesses on the viability of their projects. His field, of course, is not confined to hotel management. In addition, he is a local magistrate and a member of several local organisations.

Does he have time for holidays? "We go away at the busiest time for the hotel," said Mr Winsor. A sure sign of a smoothly-run business.

Arthur Dawson

HOTEL COSTS	
Original purchase price	£
(Sept. 1973)	90,000
Capital expenditure (from profits)	142,000
	232,000
Original bank overdraft	35,000
Present overdraft	30,000
Original capital	55,000
Notional hotel value	375,000
Less overdraft	30,000
	345,000
Increase	290,000
Capital gain payable	375,000
	232,000
	142,000
	at 30% 42,600
The Retail Price Index is estimated to have risen three and a half times what it was ten years ago, so that the original price would now be equivalent to about £315,000.	

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Crest Hotels Management

UK HOTELS & CATERING VI

Arthur Sandles says more services are now offered the businessman

Floor show for the top executives

IT WAS probably the oil crisis of 1974 which first put the business community and the hotel business on to lines of thinking which have coincided in recent years to produce the industry's approach to the business traveller today.

The sudden rise in transportation costs made corporate treasurers look once more at the cost of their travelling; the hoteliers, waving goodbye to a holiday market shocked by rising prices, suddenly realised that business traffic could be a solid dependable source of revenue, winter and summer.

During the past four or five years this dual thinking has produced its most remarkable results. Companies and individual travellers are now wooed with special offers, special rooms, discount schemes and prizes for regular custom. Pretty well every hotel group now has a "club" scheme of some sort, with gradually increasing benefits according to the size of the account.

There is little doubt that the schemes work, but there are risks involved. There are those in the industry who have felt that discounting on corporate cards was becoming too large.

When this happens a total is tempted to improve its real revenue by the Alice in Wonderland tactic of increasing the published tariffs (which few people are paying) in order to maintain a reasonable return from business visitors who are getting 30 per cent off the official rate.

The risk is mentioned in the past tense simply because the present revival in hotel fortunes has tended to enable hotels to harden their demands on customers.

Meanwhile, on the consumers side, industry generally still seems to demonstrate a woolly view towards its use of hotels. While air travel and car rental seem to have been rationalised,

with careful ground rules and checks on budgets, hotel spending is often still the province of executives themselves or their secretaries.

"It is remarkable how many companies have no idea how much they are spending on hotel usage each year," says Mr Miles Quest, a specialist writer in the hotel and catering industry.

For the company, of course, business usage of an hotel offers peculiar problems. While it is relatively simple to keep track of car rental and airline ticket purchases, keeping tabs on executive spending in an hotel, even when the room has been centrally booked, is extraordinarily difficult.

Marketing battle

The marketing battle between Trusthouse Forte and Thistle Hotels over recent months, both of whom have been heavily promoting their business travel services, indicates the way in which the industry is trying to help corporate customers to overcome this problem — and thus win more custom for themselves.

Both systems, and many of their rivals, have regular detailed billing systems which allow travel departments, or financial controllers, to see exactly who is spending what. Traditional perks, like a Scotch or two after a hard day, can then be overlooked if the company chooses to overlook them but wrists can be slapped discreetly if things are getting out of hand.

Four areas of hotel development in recent years can be put down, to varying degrees, to the need to butter up the business traveller — club floors, with special rooms for the business visitor, business centres with telex and secretarial aids, health clubs and the proliferation of restaurants.

There was a tradition in the



Symbol of the range of hotels and services available to the business community through Thistle Hotels. This illustration is in the group's new Business Service Directory just launched.

British hotel that visitors would only use the restaurant in the absence of some nearby alternative, particularly in London. That has changed.

The upgrading of restaurants has been a notable feature of the hotel business recently and now the trend is to provide a variety of eating areas within a hotel. Not only have the hotels discovered that food can be a source of revenue, but also they have noted a tendency for business visitors particularly to remain within the hotel in the evenings. A variety of restaurants encourages this habit.

The health clubs and business centres speak for themselves. Business travellers are increasingly aware of their own weight and health problems and the new health centres which are opening tend to be heavily used.

Once again the trend is not entirely altruistic, health clubs are usually open to local custom and are therefore revenue areas in their own right.

Perhaps the most intriguing development has been the growth of the executive floor. We are now reaching the stage

where most of the bigger city centre hotels are following this trend. The Hilton is the latest London hotel to do with the work, along with other extensive changes, is in progress.

Variety of needs

Again a variety of needs are met by the executive floor. Clearly the motivation for the hotel is that it is able to get a higher rate for the rooms involved and to concentrate its high spenders in one area and deal with them more satisfactorily. To the user it generally means better accommodation, isolation from holidaymakers and conventioners and a higher standard of service.

Clearly the move towards such floors in the bigger hotels was also partly motivated by a perceived change in demand from the higher echelons of the business community which were tending to move their custom to smaller, more intimate properties. The hotel within a hotel, which is an increasing trend, is meant to combat this move.

Hotels are offering tailor-made packages. David Churchill reports

Big business in conferences

CONFERENCES and exhibitions can be the life-blood for many hotels — filling not only beds which may otherwise be empty, but making use of conference rooms during the day and filling the bars and restaurants at night with expense account executives.

Increasingly, hotel chains are offering tailor-made packages for conference delegates. Crest, for example, has its "Meeting Places" scheme, while THF has "Meeting Points" and Thistle Hotels its "Conference Plan".

The reason for the hotel chains' interest is that the conference business has survived the recession of the past few years surprisingly well. For example, a survey of eight major conference towns — carried out by RPA Marketing and Communications — found that conference revenue reached £77.9m in 1982, an increase of 31 per cent on the previous year.

Another survey by RPA, commissioned by the British Tourist Authority, found that total UK expenditure on conferences and exhibitions in 1982 was some £632m.

Strong position

Exact figures for the industry, however, are difficult to obtain. Those that are available certainly support the trade's view that the recession has been weathered without too many casualties and is now in a strong position to take advantage of the economic upturn.

According to the survey commissioned by the BTA, the highest average earnings per delegate were at provincial hotels where £37.32 was spent including accommodation. This was in contrast to the average for municipal venues where the conference organisers earned £3.45 per delegate. The average delegate expenditure at London hotels was £37.70, while at residential conference centres it was £40.07.

There was a slight increase in the number of day conferences and residential conferences held in all types of venues according to the survey.

The RPA survey on the eight towns — Bournemouth, Brighton, Eastbourne, Scarborough, Torbay, Harrogate, Sheffield, and Cardiff — found that the delegates' spend was £39.59 in 1982, compared with £23.24 in 1978. All the towns

surveyed earned more than £4.6m last year from conference delegates.

Brighton, for example, earned a massive £29.4m from conference business during the year, with 138,000 delegates spending £48 per day at 641 conferences each lasting an average 3.5 days.

A recent report from the English Tourist Board also made clear that there is a considerable boom going on at present in new conference facilities being built. Some 20 big conference and exhibition centres are due for completion in England, mostly by 1987. This is on top of 24 major conference centres and 18 exhibition centres completed, some by refurbishing, since 1975.

However, the ETB also warned that, even though the conference and exhibition trade is expected to grow, there might not be enough business to go round to ensure a ready profitability for every centre.

Hotels can often offer a better alternative to the purpose-built conference and exhibition centres — especially for the smaller conference or exhibition — because of the attractive packages of accommodation and facilities that can be offered.

Smaller hotels are also benefiting from the trend in conference organisation in recent years towards more specialist gatherings of senior management, politicians, or inter-

national delegates who prefer meeting in more convivial surroundings than regular offices.

Companies, for example, can bring together executives for a "brainstorming" session away from their normal distractions; talks between management and unions can be kept secret; and physical security can be tightened considerably — especially important for international conferences.

Trend welcomed

One part of the UK hotel industry has particularly welcomed this trend towards smaller conferences. Owners of select retreats in the country are especially benefiting from the needs of top executives who want to combine discreet business with pleasant surroundings.

Unilever, for example, has held conferences at Ragley, American Express and Aston Martin at Goodwood, Coca Cola at Leeds Castle, while Althorp — home of the Spencer family — has had engineers from Indianapolis as well as British Leyland Truck and Buses.

The English Tourist Board publishes a guide to 70 such places of interest which also offer facilities for conferences, receptions, exhibitions, and other business uses.

The country hotel is increasingly being run by top-grade management and staff — sometimes successful managers of

large city hotels who have set up on their own and are using business contacts built up over the years.

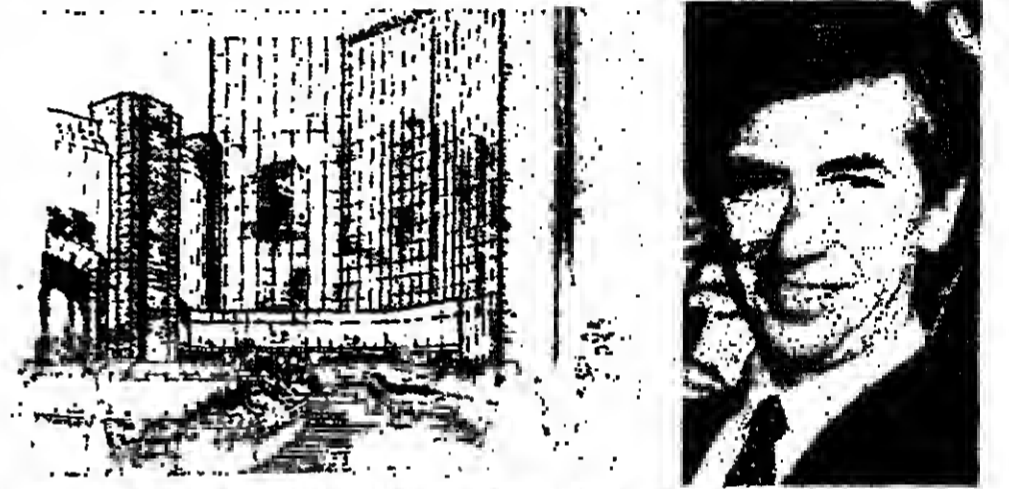
However, not all small hotels are able to provide the very high standards of accommodation and catering demanded by companies. The cost of accommodation is not usually the prime factor in choosing a small hotel, but the hotel must have fully equipped rooms, pleasant meeting facilities, and a top-class restaurant.

Often the hotel that can offer these facilities will win recognition in one or other of the top restaurant or hotel guides.

One dilemma for the country house type of hotel which gets involved in business conferences is the effect on other guests. In the same way as an hotel with 500 rooms can be swamped by a conference with 300 delegates, so a conference of only 15 can quickly take control of a 30-room hotel.

In spite of the growth in popularity of these "money no object" discreet type of hotels, not all companies have been prepared to spend the money during these recessionary times.

An alternative, which also has the added advantage of not wanting to turn away conference business in the high summer, is the universities. The British Universities Accommodation Consortium is the organisation responsible for marketing campus accommodation and facilities.



Artist's impression of the new Harrogate International Hotel, the first major hotel to be built in the spa town since the turn of the century. When completed in 1985 at a cost of more than £8m it will link with the conference Supercentre, seen on the left. Right: John Abel, managing director of the new hotel



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